

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
OFFICE OF THE CHIEF EXECUTIVE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	11
THE TRANSFORMATION STRATEGY			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

The Transformation Strategy has been developed in response to feedback from the LGA Corporate Peer Review Challenge which recommended that all the activities already in place aimed at transforming (changing & improving) the organisation should be brought together into a single strategy and reviewed to ensure that the activities are up to date, appropriate and will lead to the transformation required to deliver a self-sufficient council by 2020.

The Corporate Peer Review Challenge identified several areas in which the council was making good progress in terms of transformation including:

- Cultural Transformation that has been evident for several years and is embedding new behaviours, practices and attitudes across the organisation
- Digital Transformation driving efficiencies through reduced cost, smarter working and process improvement, it was recognised that Fylde has made progress but there is still a lot of opportunity for further development
- Commercial Transformation necessary to maximise the use of existing resources / assets and develop new income streams to support the revenue that funds all council services
- Financial Transformation from a risk averse approach to a policy that supports a more commercial approach to estates, assets and financial management
- Political Transformation to develop governance arrangements within the committee structure that can be agile and responsive enough to support a more commercial approach and engage all members

The attached strategy brings together all the strands of transformation currently in progress linking them to the corporate requirement to be self-sufficient by 2020.

LINK TO INFORMATION

[Transformation Strategy 2016-20](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To inform members that the attached strategy brings together all the strands of transformation currently in progress linking them to the corporate requirement to be self-sufficient by 2020.

FURTHER INFORMATION

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Transformation Strategy 2016-20



The Need for Transformation

Transformation is change, a constant in every modern organisation, standing still or more of the same is not an option if an organisation intends to survive. However, at Fylde the objective is not to simply survive but to *thrive*, by creating an environment conducive to continuous improvement centred on customer need driven by a philosophy that *'great services are delivered by great people'*. This strategy provides the framework for Fylde to embed sustainable transformation as part of the *'way we do things'*, the *'day job'*, setting a context for positive change that will deliver improvement.

Pressure on local authority resources has been increasing for several years under the banner of austerity developed out of the necessity for the public sector to be more efficient and deliver real value for money to the taxpayer. Traditional hierarchical bureaucratic institutions must transform into modern progressive organisations that identify, meet, and deliver, customer need with the ability to continuously respond when there is a change in customer need.

By 2020 all local authorities are required to be 'self-sufficient', there will be no grant from central government contributing to the revenue stream. Local authorities must fund the delivery of services through Council Tax, retained business rates and locally generated income streams. This strategy will ensure every aspect of business at Fylde is as efficient as possible, delivering maximum value and long term continuous improvement. In a self-sufficient council it is essential to maximise income to ensure the authority can deliver the best service possible whilst minimising service delivery cost through efficiencies.

The 21st century customer has vastly different expectation and need driven by technological advances that transform interaction and services in a matter of months not years. Generations brought up on digital interfaces will not be equipped to engage with organisations that operate through burdensome procedure and paper based bureaucracy. The culture at Fylde must be one in which transformation is constant, it is not a project with a start and finish, the journey is continuous and as such the behaviour of every employee must support transformation as part of the 'day job'.

The 2016-2020 Transformation Strategy will ensure Fylde is an efficient self-sufficient council. Every service area, working arrangement, partnership and process will be designed to maximise income streams to increase the capacity of the council and meet customer need through maximum value for money practices.

The Transformation Strategy

The Local Government Association conducted a Peer Review Challenge at Fylde in May 2016 which identified several existing, developing and planned transformation initiatives and recommended that these form a single Transformation Strategy to include:

- **Cultural Transformation** – the 'way we do things'
- **Digital Transformation** – driving change through technology to meet customer need
- **Commercial Transformation** – the need to develop a commercial approach
- **Financial Transformation** – shift from a risk averse approach to support self sufficiency
- **Political Transformation** – agile, flexible and responsive governance

Aligning each strand of transformation to the requirement for a self-sufficient council will ensure every opportunity is explored to achieve maximum income and value for money preparing Fylde for a new approach to service funding and delivery from 2020. The various elements of the Transformation Strategy contribute to an organisation that delivers exceptional service through exceptional people.

Local government is complex, no private company co-ordinates the array of services and functions that a modern council provides coupled with the duty to serve everyone regardless of ability, age, gender, opinion or the place in which they choose to live. For these reasons and the fact bureaucracies are by nature monopoly providers, local government has been slow to use digital technology to transform the way it does business. In a world where customer expectation is to deliver services effectively and at speed, digital transformation is an essential foundation.

The imperative is to change, but to do so at pace and at scale. This is the meaning of transformation, in essence a change of working, of culture and of disposition, changes made possible by digital technology. Through digital technologies Fylde will deliver better outcomes for all stakeholders, while progress has been made Fylde is a long way from seamless services and a fully digitalised back office. The strategy is not just about developing digital services but digital tools that will transform labour intensive processes, contribute to faster economic growth, renew local democracy and ultimately change the way the whole council operates and manages resources.

The current staffing level of approximately 250 FTE (Full Time Equivalent) is required to deliver the range of services offered today and in the future. The efficiencies achievable from downsizing through natural movement have been delivered, resources now need to be aligned based on priority. Resource capacity achieved through transformation will be reallocated based on priority and transformation will ensure that every resource operates to maximum efficiency.

The Vision

The vision is to transform the relationship between the customer and the council, putting more control in the hands of the customer and being more responsive to their need. The tools, technology and approaches of the internet age provide greater opportunities than ever before to:

- Achieve a better understanding of what customers need
- Design and deliver services quicker at much lower cost
- Continuously improve services, based on data and evidence

Every element of transformation at the council will be driven through digital technologies to deliver the vision set out below:

The Vision of Seamless Services

Almost all transactions take place online. Seamless integration across all services enables customers to verify their identity once, through voice or thumbprint. The two-dimensional Fylde website has been replaced by interactive digital platforms that connect customers with third-party apps and services, and stream personalised content on local democracy, jobs and services. Digital platforms help Fylde enable instead of directly provide most local services.

The Vision of Relational Services

Services that are about connections between people still rely on face-to-face contact and can't be digitised. However, digital technologies are used to support these services: new tools help people to manage their own need and connect to a broad network of support such as peer mentors, health coaches, friends and family, volunteers and group-based activities. Meanwhile, many services have been revolutionised by predictive algorithms, which allow the council to intervene in a more timely and effective way.

The Vision of Place-Shaping

Digital technologies help Fylde take a more ambitious approach to place-shaping, we use digital and devolution opportunities to grow the local economy. Greater transparency and use of challenge-based procurement have widened the pool of providers and ensured that a larger share of public contracts go to high-growth SMEs. Fylde systematically engages residents in decisions about how services are commissioned, delivered and evaluated. Local residents decide how money is allocated with a chunk of council spending decided by online participatory budgeting.

Vision of How Fylde Works

Fylde is lean, agile and data-driven, acting as broker or enabler at the centre of a large web of innovative partners, providers and community groups. Multi-agency working is the norm; teams and departments are temporary structures that form around specific local challenges. A truly mobile workforce has freed up public space. Fylde uses digital platforms to share public space, equipment and even workforce time with other councils, businesses and residents.

Cultural Transformation

Fylde has been transforming the culture of the council since 2003 by advocating 'leadership from everywhere', it is a long term initiative that requires a contribution from every stakeholder in the organisation because it is people who create culture. The objective is to create a culture founded on the core competencies and behaviours expected of every employee included in Table 1.

Table 1: The Core Cultural Competencies at Fylde

CUSTOMER FOCUS
<ul style="list-style-type: none">• Treats employees as customers• Puts the customer first and values the customer in everything they do• Is professional, polite and friendly at all times• Appreciates the customer is the only reason there is a job• Challenges whether the existing ways of doing things meet customer need

WORKING TOGETHER

- Promotes effective working across different service areas
- Accepts and provides constructive challenge
- Is an effective team player
- Demonstrates the ability to learn from others
- Focuses on solutions rather than problems
- Works with others to deliver great performance

EFFECTIVE COMMUNICATION

- Clearly explains the reasons for decisions made
- Open, honest and transparent in all communication
- Champions success at every opportunity
- Demonstrates the ability to listen and understand
- Never 'bad mouths' the organisation
- Contributes to feedback and engagement at work

PRIDE & INTEGRITY

- Demonstrates enthusiasm and personal commitment
- Takes pride in working for Fylde Council
- Enjoys the work they do in their chosen career
- Has respect for others at all times
- Appreciates and values the opinion, interests and views of others
- Always represents Fylde in a positive manner

STRONG LEADERSHIP MANAGEMENT

- Is always accessible and approachable
- Leads by example and always displays a positive attitude
- Motivates, encourages and supports others to achieve their best
- Has a strong focus on doing what is best for the organisation
- Manages change as part of the 'day job'
- Makes creative suggestions about how to do things better

This framework for behaviour is complemented by corporate mantras that reinforce shared values that define 'how we work' with all stakeholders to create a culture that enables everyone to make a positive difference. The overarching strapline; '*to deliver excellence*' is supported by the following:

- Everyone works together
- Excellent people deliver excellent service
- Learn from mistakes to improve
- A no blame culture
- Encourage and champion success
- Everyone is an ambassador of the council
- The customer is the only reason we have a job
- One Council One Team

Competencies define the behaviour expected from every employee in their approach, attitude and application, they are embedded in policy and procedure to ensure from recruitment onwards every employee is aware of the behaviour required from them and their colleagues. Cultural transformation is the foundation that shapes transformation delivered in all other elements of the strategy.

The behaviours are common sense, good manners or professional etiquette, articulated in a simple framework so everyone is clear about their role and responsibility. Clearly articulated and consistently applied competencies are an essential part of an organisations culture and integral to workforce planning, reputation management and job satisfaction.

Cultural transformation, the 'way we do things', created by *our* people is the foundation that sets the context within which the other elements of the transformation strategy will be delivered.

To deliver cultural transformation we will:

- Design and deliver joined-up, end-to-end services based on customer need
- Deliver major transformation programmes to connect the whole council
- Establish a council wide approach and attitude to transformation
- Support non-digital employees to understand the potential of new or different ways of working
- Embed digital skills making sure every employee understands digital

Digital Transformation

Modern efficient organisations must embrace technology in order to meet customer need in a digital world, self-service delivers efficiencies and increases speed of service delivery through automation, it must be possible for any service that can be delivered online to be available 24/7

with any technology that can reduce cost, create capacity and improve performance in any aspect of the business, pursued.

Digital channels must be the forefront of service delivery with a 'click, call, and come in' hierarchy, always seeking to migrate customers to 'click'. Through organisational re-engineering, web development and infrastructure integration progress has been made with online service and the migration of customers online as the preferred method of contact. Fylde currently has approximately 100 services available online and downloadable forms accessible through the web, along with a vast range of information however, this progress has been insufficient and the council is underdeveloped in terms of the digital and online service offer. Initiatives have been poorly coordinated and implemented, managed ad hoc on a service by service basis with poor corporate integration.

Nationally, the pace of digital channel shift has increased exponentially driven by the need for organisations to be more efficient as a result of austerity; advances in technology; increased affordability; the rising demand for 24/7 service; and the growing ability of customers using digital channels, particularly on mobile devices. Customer need has been transformed by technology while service delivery has stood still.

'Digital' is defined as the technologies that allow people without specialised programming skills to interact directly with other people and organisations via the internet, using a computer, mobile device or other interface. Private and public sector organisations are putting increasing investment into digital service provision to keep pace with demand and maximise savings, to stand still and not transform the digital offer will result in Fylde being left behind. A 'Digital by Preference' (DBP) initiative has been developed as the first stage in transforming service delivery and achieve the following:

- Identify high volume front-line services not currently available online, and provide them online ensuring the new service is as transactional as possible, the target is to require no officer input (end to end digital services).
- Review services and payment facilities Fylde currently provide online to ensure they are as transactional as possible and easy for customers to use.
- Support the migration of customers online to drive up self-service.
- Reduce contact in person and over the phone in Customer Services and back office creating capacity whilst increasing productivity.

Priority will be given to services with the highest volume of front-line interaction with customers which offer the greatest opportunity for savings in corporate cross cutting transactions i.e. payments and invoicing. A second stage of 'Digital by Default' will follow with face to face contact limited to appointment only for the most vulnerable and the direct dial number no longer published with customers directed to the easy and efficient digital option.

Digital transformation will impact every aspect of business through social media, mobile and remote service delivery, the 'paperless' office and 24/7 service. The transformation will be from a traditional process driven bureaucratic organisation to a modern efficient entity customers can engage with at any time from any location with significant reduction in resource and cost.

To deliver digital transformation we will:

- Establish seamless services using personalised data to customise information about public services, jobs, local events, news, and decisions taken by local councillors.
- Make greater use of design tools to uncover blockages in customer transaction and ensure the needs of different groups (including those with limited digital proficiency) are met.
- Digitising the back office - ensure that data and capabilities can be shared across services and that outwardly 'digital' services don't rely on manual or extraneous processes.

Commercial Transformation

To deliver the self-sufficient council by 2020 a more commercial approach is essential. Local authorities are risk averse, managing public funds with the necessary checks and balances to ensure appropriate protection of the public purse. Fylde must transform from a traditional risk averse culture in which opportunities are missed because procedure has priority, to a culture in which innovation and creativity are encouraged with opportunities explored in a flexible and responsive organisation.

New and existing income streams must be explored and maximised to finance existing or enhanced service delivery. The Self Sufficient cross department employee working group will consider, develop and implement projects to generate new income streams or enhance existing ones, this is the conduit between idea and implementation. The individual(s) that suggest ideas will be directly engaged in developing it to implementation or will know exactly why it is not, or cannot be, taken forward. The approach uses the skill, knowledge and experience of employees who deliver the service to drive change and improvement in the service.

The option to acquire additional assets to generate commercial revenue will be explored as part of the commercial and financial transformation required to achieve a self-sufficient council by 2020. Assets should be income generating, for example, car parks must realise the maximum possible income through strategic position and layout that delivers maximum volume. Many facilities are unused for a significant proportion of the time e.g. Town Hall facilities unused in the evenings and weekend. Office capacity generated through remote, home and mobile working and the development of modern methods of working such as hot desking will be available for lease to partners or the open market.

Capacity achieved through efficiencies will be used to generate income by selling services to the market where applicable for example, consultancy services in professional disciplines or cleansing, waste and grounds maintenance or office space created as a result of natural workforce reduction or from changes in remote, home and mobile working practices.

Fylde will work with commercial experts to develop the necessary skill for a commercial and less risk averse approach to investment opportunities and asset management. Marketing, advertising, profit, partnership, joint ventures and sponsorship will be part of the commercial strategy and a core function in the local authority. Commercial transformation will influence financial policy, asset management and procurement with the objective to secure income into the revenue stream that by 2020 not only supports the existing service delivery at Fylde but additional service delivery is funded.

To deliver this transformation we will:

- Use digital to connect business and provide local information and tailor business support.
- Enable councils to shape places in ways that were previously impossible – by engaging customers in new, more meaningful ways and helping the local economy to grow.
- Radically transforming the way we work – including how we are organised internally and manage resources, to become open, innovative and collaborative.

Financial Transformation

The council has adopted a prudent financial strategy since 2008 when the financial management of the authority was inadequate as a result of low reserves. This was the right strategy to achieve the transformation to a robust financial position in 2016 with significant general and ear marked reserves and low borrowing, putting the council in a strong position to take a less risk averse approach to financial management. The need to transform the financial management at Fylde is driven by the requirement to be self-sufficient by 2020 when there will be no central government grant funding the revenue account which will be dependent on; a business rate retention; new homes bonus; council tax; and commercial income streams.

Transformation of the financial position is reliant on how the elements of the funding stream controlled by the council are managed. Council tax is the major source of funding and within the control of the council subject to limits set by government, Fylde must seek to maximise income from council tax. A number of income streams are directly influenced by the council, at every opportunity existing income streams will be maximised whilst maintaining value for money and new sources of income will be explored. Capital sums and revenue surplus will be invested in schemes that generate a financial return for the council, priority will be afforded to long term sustainable income generating initiatives that contribute to the revenue account.

The approach to transforming commercialism and assets at the council is inextricably linked to the financial transformation, by 2020 the revenue account will be funded to an extent that the council is able to deliver a greater range of service provision than the funding arrangements under the central government grant model.

To deliver this transformation we will:

- Digitalise all financial transactions within and between the council
- Develop an investment portfolio that generates income to the revenue account

Political Transformation

The political landscape at Fylde has changed over recent years from executive governance to committee arrangements, the self-sufficient transformed council will be delivered under a committee system of governance. It is essential governance arrangements have the flexibility to respond quickly to circumstances and opportunities presented by the market as part of the

commercial, financial and digital transformation. Elected members must be in a position to provide clarity of direction and support actions that deliver the transformation necessary to achieve a self-sufficient organisation.

Decision making arrangements must be streamline, transparent and robust with members that are engaged, well informed and empowered in a political culture that supports the organisational culture, founded on common competency behaviours. Clear political ambition delivered by strong political leaders through effective group structures across all political parties is necessary to deliver political transformation.

Every opportunity will be investigated to ensure that the council operates the most efficient, fit for purpose, modern political structures and governance arrangements, recognising that organisations are fast moving entities and elected members must be flexible and responsive to transformation. The cultural transformation must pervade every aspect of the council including the political environment.

A transformed political culture at Fylde in 2020 will have effective decisions made through efficient committee arrangements; a clear demarcation of responsibilities between members and paid employees; open and transparent communication between elected representatives; an ambitious shared vision for the borough with regional and sub regional objectives; and the opportunity for meaningful engagement for every member of the council.

To deliver this transformation we will:

- Use digital technology to inform and consult people.
- Involve and collaborate with people using technology.
- Employ digital technology as a means of decision-making.
- Make better use of data to improve decision making.