



# **Solo Business Case**

## **2016 - 2020**

South Somerset District Council

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## Mandate

- To establish a business case to stay as an independent council with its own workforce while still meeting the forecast budget gap in 2020-21 and beyond.
- To examine the risks and benefits of doing so, particularly with respect to capacity, resilience and influence.
- The financial results of the business case to be illustrated in an outline business case, and to be completed at the same time as the Joint Business Case with Sedgemoor District Council.

## Executive Summary

This outline business case shows the opportunities available to members should they decide either to stay alone or, additionally, to explore the development of a strategic alliance with Sedgemoor District Council. It outlines how South Somerset could deliver ambitious Council Plan priorities and good core services while addressing the budget challenges. It examines the track record of the organisation in delivering change and savings over recent years and recommends a management structure for consideration. It looks at the risks and benefits of staying alone and the opportunities that exist for changing what we do in a way that is beneficial to the customer and the council tax payer.

The future vision for delivery encapsulates member views to embrace innovation and technology in reducing costs while further improving the service to the customer. This section, along with the following chapter '*Assessing the capacity to deliver change while retaining quality service delivery*' shows that the solo case provides sufficient capacity and resilience to carry the organisation forwards with confidence.

The headline business case shows that there is the opportunity to find between **£4.215m** and **£4.289m** savings over 4 years while still enabling the delivery of a Council Plan which contains new ambition and focused priorities as well as the day to day work. An indicative management structure puts forwards savings but still retains capacity, resilience and an ability to focus on South Somerset strategic issues. A range of other savings options are then considered, with the aim of least impact on the resident, business or visitor. Indeed some of the suggestions for investment may also unlock regeneration projects, currently stalled that could provide an income to the council.

Work on the risks and benefits of the solo business case has not found any risks that are of major concern, however there are a range of benefits including the ability to tackle transformation without delay.

Although the Working Group has brought forward this headline business case, there has been considerable input from Management Board (MB) who have a high degree of confidence that it provides opportunity, resilience, influence, tolerable risk and sufficient capacity. A strategic alliance with Sedgemoor would further enhance the possibilities and future potential of this solo business case.

## Recommendations

- To note that this business case represents a guideline or framework by which savings could be made to meet the future budget challenge.
- To note that there are no timelines for implementation and that individual projects within the case will all come forward individually with defined governance, requests for investment and business cases.

## Context

The national and local context is similar to that expressed in the Joint Business Case. However, there are many examples of where councils have not chosen to investigate full sharing arrangements with other councils but have preferred other ways to tackle the current challenges. The learning from others will be explored in later sections of this business case but in summary the options include:

- (a) Transformation
- (b) Income generation and Commercialism
- (c) Reducing senior management
- (d) Deciding on core service standards and potentially offering a 'gold' chargeable service
- (e) Transferring discretionary services to parish or town councils
- (f) Ongoing efficiency work
- (g) Sharing individual services with a range of other partners, where there is a business case

SSDC is in a relatively strong financial position compared to other councils elsewhere. This position therefore creates breathing space to explore different options for the future while there is still the organisational capacity to make the changes that will be necessary. This business plan has considered the issues in the short and medium term with an eye also on the long term. It assesses the capacity required to deliver priorities, looks at the current strengths of the organisation and investigates areas where improvements can be made. It also considers the issues of ongoing resilience and influence on the wider stage and risks and benefits of staying alone.

It is important to note that 'staying alone' does not mean providing all services in-house. SSDC has always adopted a flexible service delivery model (see Appendix Two) and will continue to seek the best value model for each service. Options include a strategic alliance with Sedgemoor District Council (should members wish to pursue this) on a number of shared services, shared services elsewhere, contracting out and contracting in.

## A new vision to tackle new challenges

South Somerset has a long history of delivering a wide range of local services to our communities. Those services have been consistently delivered to a high standard and have demonstrated good value for money. We have an excellent record of working well with our communities and partners.

Developing a solo business case offers a real opportunity to rethink what we do and how we do it in the context of the wider range of challenges in 2016 including:

- The national financial context, which is placing significant pressure on council budgets and those of our partners. This, and changes in government legislation, is now having an impact on the everyday lives of some of our residents;
- An increasingly ageing population with new needs and demands on our services.
- Increased pressure on young and vulnerable residents.

Therefore, the demand on our district council services is not dropping, nor is it likely to drop in future years. More positively, challenges often force innovative solutions and therefore a new vision for our services, our workforce and our interaction with customers is proposed.

What priorities and projects that South Somerset District Council will deliver will be articulated within the emerging Council Plan. This should provide a clear statement of ambition, top priorities and what will be achieved by the end of the life of the Plan all matched against the resources available. In particular, we must place close attention to the resource impact of big projects.

This vision for delivery shows how we will succeed in the delivery of those priorities, together with the important day to day work of a district council.

### ***Vision for future Delivery***

***South Somerset District Council will be a confident, resilient and flexible organisation capable of delivering council priorities and good district council services to its residents.***

*To achieve this we will:*

1. *Put the customer and community first*
2. *Embrace innovation*
3. *Empower a strong, confident workforce*
4. *Work with partners to improve services, efficiencies and resilience*
5. *Make the best use of our assets and resources*

Although transforming the way in which we deliver our services will require new ways of working the organisation will still seek to use resources to best possible effect, breathing fresh energy into the council's strapline from the 1990's - **'Making a Difference where it Counts'**.

## How will SSDC implement that vision?

The following section is not a comprehensive list but gives an indication of what the council would look like to members of the public, councillors and staff and where we would focus our efforts in delivering the vision.

### **1. *Putting the customer and communities first***

We will:

- Listen and put the customer first.
- Be an open and engaging Council that empowers communities and individuals.
- Retain the core services of a district council and support those that are vulnerable or require additional support.
- Focus on the customer as individuals.
- Continue to be an enabling Council making things happen for our communities and continue with Area decision-making.
- Support people to an appropriate level in order to help them to become more confident and able to access the support that is available to them.
- Listen to customer feedback and demand and provide services more conveniently for people via transformation.
- Maximise the potential of external funding opportunities to make projects happen.

### **2. *Embracing innovation and efficiency***

We will:

- Continually improve what we do and how we do it by improving processes and focusing on outcomes for individuals and our communities
- We will encourage digital access where it is at all possible so that those residents who are able access services using self-service options. We will:
  - Aim for the majority of customer queries to be dealt with at the first point of contact – whether this is on the web, via email, phone or in person.
  - Provide online access to most council services 24 hours a day, 365 days per year
  - Embrace technological solutions and have a website designed around the needs and demands of customers. For example, interactive forms and video clips that provide online help enabling customers to be more confident to self-serve.



- Develop better Customer Relationship Management (CRM) and electronic document management (EDM) systems. These could either be developed alone, shared with another council or bought to provide a suitable system.
- Draw up a communications plan to encourage a shift to self-serve options.
- Provide Community Enablers to encourage channel shift and support vulnerable people.
- Consider a live chat solution for teams with high contact levels.
- We will develop a more commercial approach and seek to increase income levels and end reliance on government grant:
  - This may require training staff to have greater commercial acumen who will seek income opportunities part of the day job.
  - We would consider, as part of a broader strategy, setting up an Economic Development project to focus on potential investment opportunities for SSDC. This could kick start regeneration or growth projects that are currently stalled and bring income into the council.
- We focus on outcomes as well as processes:
  - This means that we will examine how we set service standards to ensure that we do what matters to the customer rather than delivering a standard service.
  - As an example, we will examine high spend services such as waste, to see if there are ways of delivering what residents tell us that they want (more plastics recycling) and still save money.
  - We will identify any areas of double handling (for example between customer contact centre and planning, housing, revenues and benefits) and minimise or remove it.

### **3. *A strong, confident workforce***

We will:

- Take pride in our achievements and organisation and understand that the council is a safe and trusted brand locally.
- Put a structure in place that provides strategic and operational capacity to deliver but is lean and effective and offers additional opportunities for reduced costs in future years. Staff will be focused wholly on South Somerset issues, priorities and projects.
- The structure would also offer opportunities to share management at a later date.

- We will empower, inspire and develop a flexible workforce that deals with work at the right time and level. This will free up senior staff to take a more strategic role.
- MB will lead a culture of happy, committed, flexible, motivated, well trained and able staff who have a can-do approach to their work. This will give teams more resilience.
- In particular, MB will lead on the work to develop integrated multi-disciplinary teams that share skills across all services by enshrining the principle that all staff have a % of their time devoted corporately with the remainder dedicated to their team.
- While it is inevitable that new ways of working will mean that we have fewer staff we will be realistic but positive about what we will still be able to deliver.
- We will treat staff with respect and care as we go through change processes that could make them feel vulnerable.
- MB will seek creative ongoing options to bring services or posts together if people leave the organisation voluntarily.
- The organisation will focus on the top priorities within the Council Plan in order to guide difficult decisions.
- Encourage continuous learning and improvement in order to create a workforce that can work confidently in new disciplines.
- Retain resilience in our teams by using in-house services as the default.
- Encourage greater strategic capacity at service manager/lead officer by streamlining policies and procedures to allow empowerment, horizon scanning, best practice and taking lead for partnerships.

#### ***4. Working with partners to improve service, efficiencies or resilience***

We will:

- Be fully engaged in the Devon and Somerset Devolution work going forward in order to ensure that we retain a strong voice on the national stage.
- Remain fully engaged in all Somerset partnerships to retain a strong voice on the Somerset stage.
- Investigate any opportunities for shared services across Somerset authorities where this provides resilience, savings or a stronger voice.
- All services will look at strategic alliance possibilities with Sedgemoor District Council. For example specialist officers, professional officers, vacant posts and functional areas where savings could be made or performance enhanced.

- Seek additional opportunities for external funding, sharing expertise across teams in the organisation.
- Continue to work in partnership with a range of public, private and voluntary organisations.
- Shift to more integration with town councils to provide a joined up approach to communities.
- In key towns consider a 'civic hub' where individuals can go and access SSDC support via skype or similar.

## ***5. Making the best use of our assets and resources***

We will:

- Make the best possible use of what resources we have available.
- Become asset-light, focusing spend on services rather than buildings. More flexible working arrangements will release accommodation capacity and reduce spend.
- Explore options for a smaller HQ seeking further savings from 2021-2 onwards.
- Move quickly to a paperless environment to reduce costs on postage, paper and to reduce demand on office space.
- Continue to transfer assets to town and parish councils where these have a local value.

## Assessing the capacity to deliver change while retaining quality service delivery

This solo business case needs to demonstrate that there is capacity, resilience and motivation to deliver the change that is needed in the short, medium and long term. It takes into account, and fully addresses, the survey of all SSDC members conducted by the Scrutiny Task and Finish Group in December 2015.

SSDC is fortunate to retain many experienced staff who have worked for the organisation for many years. Their deep knowledge base of local issues enables them to move swiftly on new priorities and projects. This is evidenced by the track record of the organisation over recent years. What is striking is that these achievements have been on a broad front including lean thinking, outsourcing, transfer to the charitable sector, regeneration and leisure projects and increasing online access amongst others. The following is not an exhaustive list but gives a flavour of the corporate performance of the organisation over the past 10 years.

### *Reduced budget*

- In 2006 the annual budget was £17.8 million
- In 2011, this had reduced to £17.3 million
- The budget for 2016-17 remains at £17.3 million
- In the same period Council Tax has risen by an average 1.4% per annum
- To balance the budget £9.98 million has been found in savings and new income streams since 2010/11 to remain at this level despite inflation increases, new budgetary pressures, reduced interest rates, grant cuts, and changes to National Insurance and pension costs.

### *Reduced workforce*

- In 2006, there were 646 FTE's
- In 2011, this had reduced to 504 FTE's
- In 2016, the workforce will be 420 FTE's

### *Efficiency savings*

(a) Working with partners:

- Working with Yeovil Hospital on a childcare nursery solution has saved SSDC **£80k** a year.
- Joining the Somerset Waste Partnership has provided considerable ongoing savings, stability in budgets and enhanced quality of service delivery.

- Leading the work to develop the South West Audit Partnership has saved **£52.6k** per annum, a reduction in costs of 35%.

(b) Working within the organisation:

- Lean thinking work has achieved over **£1m** savings in services that have been leaned.
- The Octagon costs have reduced by 25% since 2010/11 through an income generation approach, saving **£73,580**.
- Goldenstones costs have reduced by 53% through transfer to a charitable trust and contract monitoring, saving **£151,100 /yr**.
- Internal Audit costs have reduced by 35% since 2010/11 saving **£52,560/yr**
- Increased the income generated by council services. Some teams in particular play a large part in this increase including Streetscene (increased from £1.16m in 2005-06 to £1.28m in 2015-16. Waste have increased income from 954k in 2005-06 to £1.38m in 2015-16. Finally, the Octagon has increased income from 1.0m in 2005-06 to £1.41m in 2015-16.
- In 2006/7 the cost of our assets was **£1.21m** and in the 2016-17 budget they are **£0.83m**, a reduction of 31%.
- A focus on continuous improvement has led to many smaller achievements. Just one example is the use of quad bikes to spray weeds which has made a programme of weed spraying requested by councillors and communities affordable and feasible.
- A range of s106 policies agreed by members has reduced the demand on SSDC capital reserves.
- The increasing use of volunteers to deliver services enables considerable work to be achieved by small teams in the Octagon and in Countryside.

### *Council performance*

- Customer satisfaction with phone calls was 96% in 2014 and with face to face visits in 2014 it is 99%.
- Front facing access is available to residents locally in market towns as well as Yeovil.
- The standing of the Octagon Theatre in South Somerset and the region has soared. There has been a 10% increase in sales in each of the last 5 years. External grant funding has been sought with **£173,898** being awarded in the last 3 years.
- 85 services can be completed fully online by the customer with additional applications available for download and completion.

- The use of online services through customer services has increased from 25,548 in 2013 to 34,916 in 2014 and 43,585 in 2015. Some services are now virtually all completed online by our customers such as Temporary Event Notices while some high volume services such as garden waste have 45% of people taking up this option.
- Online payments are increasing: **£2.097m** in 2011, **£3,355m** in 2013 and **£4.821m** in 2015.

### *Project delivery*

- The organisation demonstrates vision and confidence in taking on new major projects that are local priorities. An example would be the recent decision to take on the Westlands Leisure Complex. Future examples may include regeneration projects in Chard and Yeovil.
- Lufton 2000 where the council has set up a joint venture to provide new employment land for Yeovil and create a financial and economic return.
- Yeovil Innovation Centre, where the council has designed developed and manages a business incubator with a focus on high Tech Aerospace and the Creative Industries. It has been so successful that it is 90% occupied, and has moved into profit, with a phase 2 expansion planned.
- We have had considerable success with affordable housing delivery - one of the highest recorded in the region, leveraging in **£23m** in Homes & Communities Agency grant over the past four years. Affordable housing has also contributed approximately **£2m** to the New Homes Bonus.
- The council has been instrumental in the setting up of 2 Community Land Trusts bringing affordable housing to our rural areas.
- Delivered a successful Family Focus programme in South Somerset.
- The Park Home project on our two Gypsy sites has improved the living conditions for residents. In addition the work was funded by external grants of **£1.772m** which also included £60k for Ilton MUGA and £93k insurance reserve.
- In the last five years, work on empty homes across the district has resulted in greater local satisfaction by removing empty eyesore property and by providing much needed extra housing, reducing the need for new-build. 728 properties have been brought back into use that has brought **£349,314** in New Homes Bonus as well as additional council tax for those properties.
- In the last year the Countryside service, with the help of its associated community / friends groups, secured a total of **£321,921** external grant funding for the strategic countryside sites at Ham Hill and Yeovil Country Park. In the previous year, **£225,000** external grant funding was secured for the Ninesprings Centre and Café which is now an income generator for the council.

### *Work with communities*

- Transferring the Community Resource Centre to another organisation has saved SSDC **£50k** per year since 2011.
- As well as the Artificial Grass Pitch (AGP) on Yeovil Recreation Ground, the organisation has supported the community to install further pitches at Huish Episcopi and Westfield Schools. In all **£680,156** was attracted in external funding to the area for these three pitches.
- Innovative partnership working has attracted schemes worth £9m, to bring benefit to our local communities, in the four years to 2015.
- Used a range of solutions to support communities, including a number of recent loans to enable community projects.
- The transfer and reduction of public toilets alone has saved the organisation **£88k** per annum.
- The parish ranger service offers an enhanced 'streetscene' service to parishes that participate in the scheme, improving the appearance of their local area.
- The 'In Bloom' partnership with Yeovil Town Council brings compliments from those who work, live or visit the town.

The bullet points above give a flavour of the capacity, skills and experience within the organisation from political decision-making to delivery.

## A Staffing Structure for the future

Options for a staffing structure have been examined, see Appendix One. In terms of the senior structure the following models are intended to be indicative of the savings that are possible in the senior structure while still allowing flexibility in the future. An assumption was made that a new CEO would be paid £5k more than the existing Director posts, while the Director would be paid £5k less.

Option	1	2	3	4	5
	<b>Current Structure</b>	<b>1 CEO 1 Dir/6 AD's</b>	<b>1 MD 6 AD's</b>	<b>1 CEO 1 Dir/5 AD's</b>	<b>1 CEO 1 Dir/ 4AD's</b>
<i>£'s including on-costs (ie, not the salary received)</i>					
1 <sup>st</sup> Tier	0	133,350	133,350	133,350	133,350
2 <sup>nd</sup> Tier	247,789	126,485	0	126,485	126,485
3 <sup>rd</sup> Tier	510,026	510,026	510,026	425,022	350,017
Total	757,815	769,861	643,376	684,857	599,852

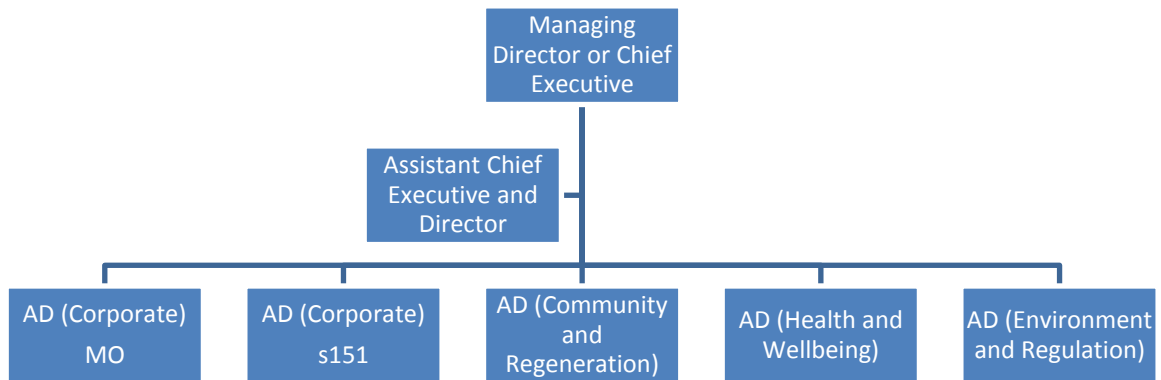
Management Board considered these models against the needs of the residents, the capacity to deliver member priorities, the desire for increased influence and resilience. Out of the options available, Option 4 in the table above is recommended as the best indicative model to ensure that there is clarity of function, sufficient capacity at the right level to deliver strategic work, member priorities and good core services while, at the same time, delivering £73k ongoing savings and organisational change.

The organisation has learnt from South Hams and West Devon Councils who felt that there was a vital need to keep capacity while the organisation is going through major change. It is felt that this senior structure could be reduced further after three or four years, once those major changes have been completed.

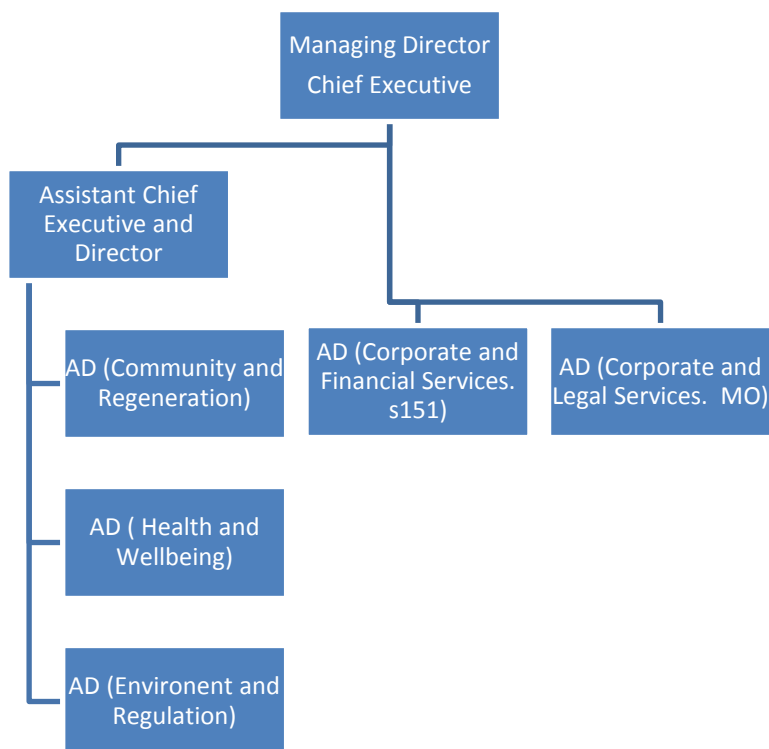
Grouping responsibilities below the third tier will result in service leads having an enhanced role, including a responsibility for horizon scanning and continually seeking ongoing improvements by comparing with best practice elsewhere. The structure could potentially be implemented as either A or B shown as follows.



**A. Director without service responsibilities**



**B. Director with service responsibilities**



There is a clear future potential to reduce this structure further in the future by one more AD (releasing a further **£70k**) and potentially to remove the Director role also (releasing a further **£123k**). In the light of the capacity to deliver the change ahead, the reduction in one Assistant Director was carefully considered. However, if the responsibilities were shared in the way described in the following table, MB believe that this is a structure that will work well. It provides important new synergies between service areas and a clarity of form and function against the likely Council Plan priorities.

There is also the benefit of 7 senior staff working wholly on South Somerset issues. However at this stage it is only indicative and should members agree the solo case, then more work would be done by the future CEO to develop a structure which fits with the new priorities in a new Council Plan.

<b>Assistant Director (Corporate &amp; Financial Services + S151 role)</b>	<b>Assistant Director (Corporate &amp; Legal Services + Monitoring Officer role)</b>	<b>Assistant Director (Communities &amp; Regeneration)</b>	<b>Assistant Director (Health &amp; Wellbeing)</b>	<b>Assistant Director (Environment &amp; Regulation)</b>
Section 151 role	Monitoring Officer	Area Development & Regeneration	Housing & Welfare	Environmental Health
Finance	Legal	Spatial Planning	Community Health & Leisure	Waste & Recycling
Revenues & Benefits	HR & Payroll	Economic Development (Tourism & Heritage)	Octagon and Arts	Licensing
ICT	Democratic Services	Development Control	Crematorium	Streetscene
Procurement	Fraud & Data	Conservation	Westlands Leisure Centre	Car Parks
Risk Management	Land Charges	Strategic Housing	Countryside	Engineers
Customer Focus	Elections	Equalities & Third Sector	Property	<i>Possibly Building Control</i>
Asset Management (including Valuer)	Scrutiny	<i>Possibly Building Control</i>		

It is important to note that although service areas are shown in vertical ‘silos’ the actual lines of communication and delivery would be integrated and cooperative – seen more as a cohesive jigsaw with component parts. The progress of the parallel transformation project will play a large part in this integration.

Management Board has also considered the potential for combining services and/or individual posts to increase resilience in small services or teams. This also provides significant additional savings on top of those that will be achieved through transformation. If SSDC does not choose (via transformation) to have one professional, integrated team in a future model then a smaller number of service leads with more responsibility should be appointed at 4th tier. This would be guided by criteria including number of staff, and number of operational functions

There are also some quick wins to release capacity while the transformation case is being worked up for implementation. These would include not taking those calls in the Contact Centre that are simply transferred to another service. Progress has already been made in areas such as Revenues and Benefits but an early decision might be for Planning calls to be routed directly through to the planning teams.

## Asset Savings

The council has done significant work in recent years to reduce the costs of assets. Major savings have been made by a combination of transferring, reducing office accommodation and introducing energy efficiency measures. Many of these projects have been complex and time-consuming but the effort has been worthwhile and the outcomes have been good. As the number of assets available for consideration reduces, future work is likely to be more complex and potentially more controversial. It would include transferring assets to local communities, reducing accommodation needs, ending leases where possible and providing savings across our asset portfolio where possible.

Management Board assess that there is the potential to make up to **£250k** savings through this work in the next four years with further potential coming after that period depending on our appetite to focus on this area of work and the future of our HQ linked to transformation of the delivery of services.

## Procurement Savings

The opportunities to reduce costs through procurement have in the main already been achieved. However, we will continue to review contracts with services in future to find savings. These will mainly be found from challenging service specifications to explore whether they can be reduced in future to achieve savings. We will also continue to make the cost of procurement process cheaper and more cost effective at SSDC, this will directly deliver efficiencies and protect front line resources. We will do this via contract compliance, contract monitoring and by using a range of techniques, such as collaboration, SMEs and local traders, and investing in E-Procurement technologies. By operating autonomously we can continue to protect as best we can the local traders and smaller suppliers we use within the South Somerset region. This initiative can have a very positive affect on regeneration and protecting local jobs. We will continue to promote local sourcing where appropriate and it can offer real value to the district.

There may also be some opportunities to combine contracts with our partners to achieve savings through larger economies of scale. We will also continue to explore options for shared working with our partners.

Management Board assess that there is the potential to make in the region of **£100k** savings through this work in the next four years.

## Commercialisation

There are many examples where councils turn to income generation or commercialisation to address the current business challenges. Examples include:

- Aylesbury Vale District Council whose business model focuses on income generation, cost reduction and investing in local infrastructure including a Waitrose and a Travelodge. They are now considering setting up a commercial trading arm for consultancy services.
- Birmingham City Council have built a consortium of councils (Council Advertising network) to attract bigger advertisers for the website. SSDC has joined this network and is already benefitting from the income.
- Cheshire East and Cheshire West Councils have established a jointly owned company to deliver back office services. On top of the sharing savings the companies are now looking to explore new trading markets especially in energy reduction work, planning related business and burial / cremation services. This could be useful learning if pursuing a strategic alliance.
- Eastleigh Borough Council has purchased property to generate a high investment yield. They are landlord to businesses including B&Q, Lloyds Bank, Wetherspoons, Matalan, Halfords and Hampshire Cricket Ground where the council will invest £40m including the construction of a Hilton Hotel. The revenue surplus on their assets is now almost £2.5m/yr, however they recognise that the market opportunities are now shrinking.
- Nottingham seeks income in all services. Parking Services provide enforcement services to others generating £0.3m/yr, leisure services have increased by £0.2m/ yr and they deliver fleet maintenance to Rushcliffe Borough Council with an annual contract value of £0.4m / yr.
- Wolverhampton City Council was spending £7.5m per year on temporary and interim workers. They have set up a trading company to supply 75% of these temporary workers. Profits are returned to the council, there are fewer invoices and temporary workers are now paid the living wage rather than the minimum wage.
- Woking Borough Council achieves over 60% of their total income from trading activity. They have maintained frontline services for residents and increased their support to the 'not for profit sector' to £1.4m per year. They own an arm's length company that builds and finances power stations along with a joint venture company to undertake projects such as an Asda store. They act as a private sector landlord and developer and this alone brings in £1.25m per annum.

**Appendix Two** demonstrates where SSDC contracts in work for income generation. There is considerable success in income generation within South Somerset with an increase of over £800k in recent years. We intend to learn from all these examples and could well work together with Sedgemoor District Council on a number of the following ideas as part of a strategic alliance:

- Pro-active marketing of existing business units within the council
- The creation of profit-making arms that can work within a strategic alliance to increase income
- Selling council services '*Services you choose and trust*' above the normal service standard.
- Robust review of fees and charges annually
- Sponsorship, advertising, increasing external grant income
- Invest to earn schemes
- Keeping spend within in house services if at all possible.
- Developing a charging policy that ranges from
  - Full commercial (Potentially through an arm's length company)
  - Full commercial with concessions
  - Fair charging
  - Cost recovery – to allow continued delivery of some services within council subsidy
  - Cost recovery with concessions
  - Subsidised
  - Nominal – to discourage frivolous use
  - Free. Universal or statutory service.

In particular there seem to be opportunities to explore arms-length companies, economic development projects with the dual aim of regeneration and income generation, a housing lettings agency, and increased income from our existing trading units such as the Yeovil Innovation Centre and fees and charges. Management Board believes that there are opportunities bringing in increased income of **£720k** via this route. There is an additional **£300k** expected through increasing the income from investments making over **£1m** in total.

## Transformation

Service Transformation is about rethinking the way the council operates by taking a design led approach to create and maintain a system that works for people, rather than people having to 'work the system'. It is this different way of working, which defines transformation – a new operating model fit for purpose.

Transformation is a key Council response to the increasing pressures for cost reductions by –

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method, resolving the maximum possible at the earliest point possible.
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way.

Work in 2014-15 to analyse the nature of customer demand, access and handling identified clear opportunities to reduce costs and improve the customer experience at SSDC. In addition current systems to manage customer data and support corporate performance management are not fit for purpose.

Whilst EDM or other process efficiencies could be implemented on a service by service basis, the opportunity to generate efficiencies from merging similar generic activities across services (in the front and back office) would be lost. A citizen centric operating model which meets the financial challenges ahead will not be achieved through incremental improvements.

Adopting a new SSDC Future Model supported and enabled by a technology platform would bring a £2m salary & on-cost reduction – a saving of 16% on staffing within scope.

The indicative direct programme costs, across 5 years (including a fixed revenue licence cost from year 2 to 5) based on implementation of a new operating model is attached at Appendix One. This includes dedicated change management resources, some provision for in-house resources, implementation of the technology platform and a provision for redundancies. This does not include the potential associated costs of provisions for the costs of additional hardware / accommodation to support agile & mobile working.

Based on experience of other Councils, implementation of a new operating model would anticipate an 18 - 24 month project following procurement.

Management Board believes that there are opportunities bringing in savings of £2m via a combination of transformation. The new Chief Executive, should members agree, would work on refreshing the workforce strategy with clear targets for reducing staff numbers as suggested in the staffing costs shown in Appendix One.

## Additional Opportunities for Savings, Influence or Innovation

A wide range of other opportunities exist to make savings. They include:

- Considering a Strategic Alliance with Sedgemoor District Council, where we seek to share services where we can improve performance, make savings or increase resilience.
- A Strategic Alliance could also be used to develop a stronger, cohesive voice on key issues that affect both councils.
- Reducing spend on travelling by use of technology and mileage policies.
- Work to look at innovation in single service delivery. An example would be the project to deliver a new service model for waste which seeks to address customer demand to recycle plastic pots, tubs and trays and make savings.
- Learning from others in developing innovative solutions for our community. An example would be investigating the potential of a South Somerset Community Lottery to engage local communities more widely in self-help and to reduce the impact on our grants budget.
- Management Board would also take a close and creative look at service standards, vacancies, underspends and any spend by some services on functions that could be delivered in-house.

Management Board predict that there are an additional **£640k** savings that can be found from this workstream.

### Summary of predicted savings

Savings to be achieved over a 4 year period via Solo Business Case	£000's
Senior Structure	70
Assets	250
Procurement	100
Commercialisation	720
Workforce Transformation	2000
Investment (Treasury Management)	300
Additional	640
HR Policies	135
<b>Total</b>	<b>4215</b>

There is further potential by the end of the four year period to increase the income at Westlands Leisure Centre by **£75k** should this go ahead making **£4.29m** in total.

## Risk and benefits analysis

The risks and benefits of the solo business case have been developed by input from Management Board and the Working Group and also by comparing and contrasting with the Scrutiny task and finish group risk analysis and the joint business case risk analysis.

### Risk Register – key

Catastrophic		17	22	23	24	25
Major		12	18	19	20	21
Moderate		6	13	14	15	16
Minor		2	8	9	10	11
Insignificant		1	3	4	5	7
Impact		0.1	0.25	0.5	0.75	0.9
	Likelihood	Remote	Unlikely	Possible	Probable	Highly probable

<b>Risk Register</b>						
<b>Risk</b>	<b>Consequence</b>	<b>Probability</b>	<b>Impact</b>	<b>Score</b>	<b>Mitigation</b>	<b>Revised Score</b>
<b>Political / Reputational</b>						
SSDC is regarded as a poor partner in future	Less opportunities in future	Poss	Minor	9	Agreeing to explore a strategic alliance	4
Insufficient political support to drive through transformation, savings and difficult decisions	Timeframes likely to slip and targets will not be met.	Poss	Mod	14	New CEO prepares corporate plan, targets and timescales	9
<b>Financial</b>						
Published savings not delivered	Reputational damage and MTFPs not balanced. Alternative savings will need to be found.	Poss	Minor	9	Savings are indicative within a framework increasing certainty of delivery	7



**Risk Register**

Risk	Consequence	Probability	Impact	Score	Mitigation	Revised Score
<b>Operational</b>						
SSDC currently has no clear leadership structure	Timeframes likely to slip and targets will not be met.	Prob	Mod	15	SSDC quickly develops plan for leadership team	9
Poor programme management of savings, especially not understanding the resource required	Time and or cost overruns. Fall in staff morale. Failure to deliver.	Poss	Mod	14	Put necessary programme management in place supported by delivery targets for CEO	9
Failure to take staff with us – low morale	Loss of key staff, lack of commitment to deliver	Unlikely	Minor	8	Regular updates, engagement and feedback. Positive engagement with the unions at a local and regional level. Ensure processes are fair and transparent.	2
Although not part of this business case, long term resilience beyond 2020 is still not known	Insufficient resource to deliver essential services	Poss to Prob	Mod to Major	?	Work on Strategic Alliance and take opportunities as they arise over next four years	?
<b>Financial</b>						
Projected savings over ambitious	Failure to achieve savings and meet targets	Poss	Mod	14	Put necessary programme management in place supported by delivery targets for CEO	9
Saving double counted	Failure to achieve savings and meet targets. Loss of faith in the business case	Unlikely	Mod	13	Progress of savings checked on regular basis	6

## Benefit analysis

The benefits of staying solo in many ways are the mirror image of the risks within the joint business case. They include:

### Political

- Greater on-going control and no tension between competing priorities
- Focused work to develop an ambitious Council Plan and priorities
- Less press interest in our progress

### Operational

- Chief Executive and senior officers focused on developing ambition for the organisation and dealing with issues of strategic importance for South Somerset
- No dip in performance due to sharing due to new team management and groupings
- Speed of delivery is likely to be quicker as no distractions from bringing two groups of staff together and dealing with HR issues
- Staff are likely to be more reassured and we retain staff morale
- Ability to focus more quickly on transformation
- We can go further and deeper with plans if not having to check impact on another organisation

### Financial

- No need for joining set up costs, easing set up cost pressures for transformation
- ICT service is not distracted by joining IT systems and can focus on work to aid transformation
- Can still consider joint procurement with Sedgemoor District Council in future

## Appendix One – Staffing Savings Options

### Solo Salaries

	Current Structure	1 CEO 1 Dir/6 Ads	1 MD 6 Ads	1 CEO 1 Dir/5 Ads	1 CEO 1 Dir/4 Ads	Average Salaries
	£	£	£	£	£	£
1 <sup>st</sup> Tier	0	133,350	133,350	133,350	133,350	
2 <sup>nd</sup> Tier	247,789	126,485	0	126,485	126,485	123,895
3 <sup>rd</sup> Tier	510,026	510,026	510,026	425,022	340,017	85,004
Total	757,815	769,861	643,376	684,857	588,852	
Savings		12,046	114,439	72,958	157,963	

Note at Tier 2 the underlying salary level is the same

	Current Structure 28.8 FTEs	26 FTE's	24 FTE's	22 FTE's	20 FTE's	Average Salaries
	£	£	£	£	£	£
4 <sup>th</sup> Tier /Managers	1,494,503	1,349,204	1,245,419	1,141,634	1,037,849	51,892
Total	1,494,503	1,349,204	1,245,419	1,141,634	1,037,849	
Savings		145,299	249,084	352,869	456,654	

	Current Structure 387 FTEs	Less 5% or 19 FTE's	Less 10% or 39 FTE's	Less 15% or 58 FTE's	Less 20% or 78 FTE's	Average Salaries
	£	£	£	£	£	£
Other Officers	11,472,199	10,898,589	10,324,979	9,751,369	9,177,759	29,644
Total	11,472,199	10,898,589	10,324,979	9,751,369	9,177,759	
Savings		573,610	1,147,220	1,720,830	2,294,440	

Example of combined Savings with 66 less staff = £2,146,657 The allowance for redundancy costs would need to be £2.5 million

Total staff = 423.8

## Estimated Transformation Costs

### Capital

Item	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Totals £
Software and software implementation	228,250	456,500	228,250			913,000
Changes to office layout	-					-
Provision for API connectors	25,000	50,000	25,000			100,000
Internal Project Team/backfilling	50,000	100,000	50,000			200,000
Contingency 10%	25,325	50,650	25,325			101,300
<b>Total Capital Costs</b>	<b>328,575</b>	<b>657,150</b>	<b>328,575</b>	-	-	<b>1,314,300</b>

### Revenue

Item	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Totals £
Ongoing support and maintenance		59,975	59,975	59,975	59,975	239,900
Training	5,000	10,000	5,000			20,000
Organisational change consultancy	125,000	250,000	125,000			500,000
Internal Project Team/backfilling	40,000	80,000	40,000			160,000
Contingency 10%	17,000	34,000	17,000			68,000
<b>Project Revenue Costs</b>	<b>187,000</b>	<b>433,975</b>	<b>246,975</b>	<b>59,975</b>	<b>59,975</b>	<b>987,900</b>

Allowance for redundancy costs	600,000	1,200,000	600,000			2,400,000
<b>Total Revenue Costs</b>	<b>969,000</b>	<b>1,997,975</b>	<b>1,028,975</b>	<b>59,975</b>	<b>59,975</b>	<b>3,387,900</b>

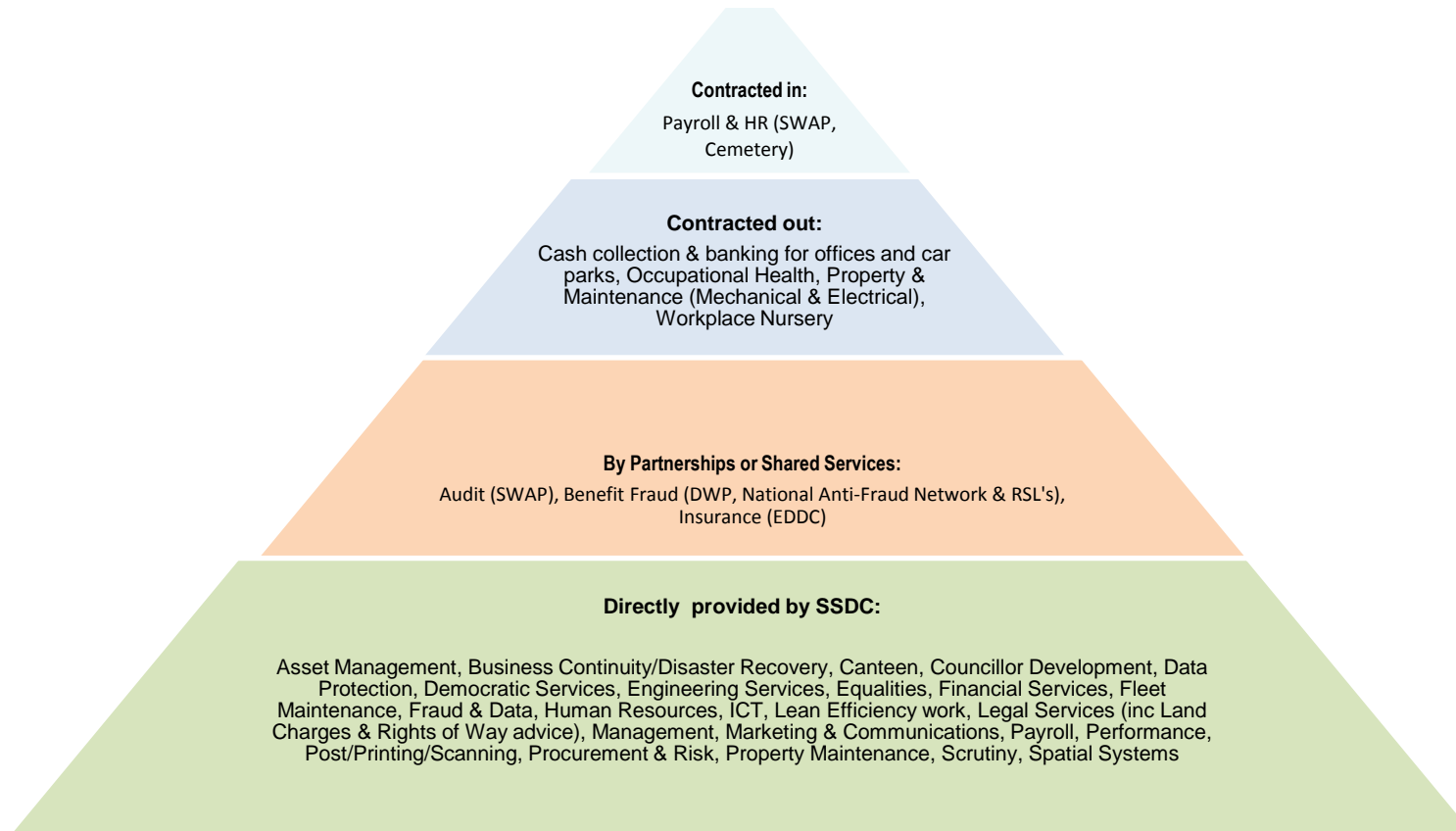
<b>Total Capital and Revenue Costs</b>	<b>1,297,575</b>	<b>2,655,125</b>	<b>1,357,550</b>	<b>59,975</b>	<b>59,975</b>	<b>4,702,200</b>
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Salary Savings based on current staffing and activity levels	250,000	1,750,000	-	-	-	2,000,000
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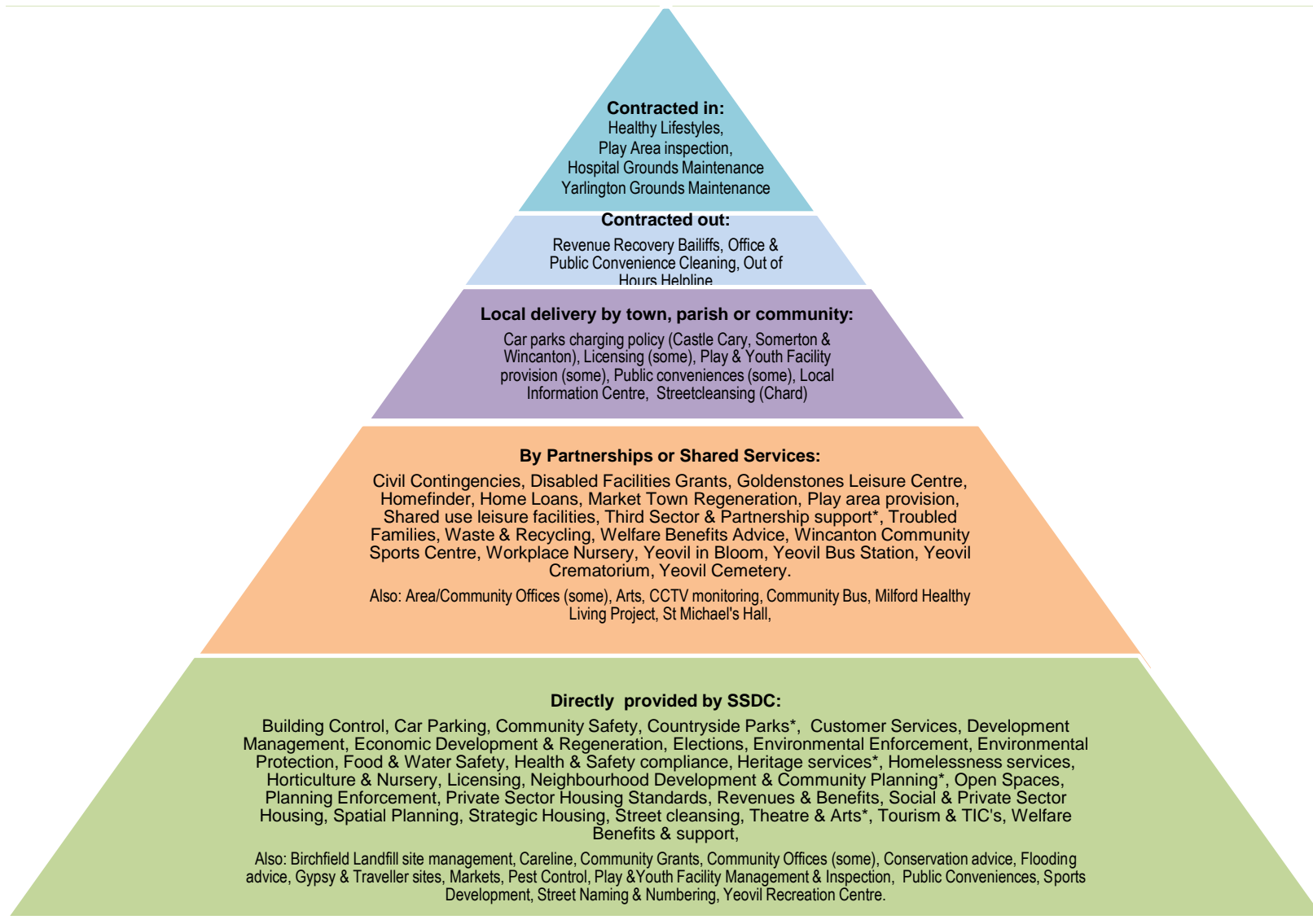
Payback 2 years 4 months

## Appendix Two: SSDC's Flexible Service Delivery Model 2016

### *Back Office Services*



## Front line services



## Appendix 3 - Stage 2 Equality Analysis – Headline Solo Business case

<b>Impact</b>	Unable to determine at this stage	<b>Lead Officers</b>	Vega Sturgess Rina Singh
<b>Date of EqA</b>	09/02/16	<b>EqA Review Date</b>	01/04/16
<b>Why are you completing the equality analysis?</b> - Financial Savings			
<b>What are the main purposes of the policy, strategy or service area?</b>			
<b>Mandate</b>			
<ul style="list-style-type: none"> <li>▪ To establish a business case to stay as an independent council with its own workforce while still meeting the forecast budget gap in 2020-21 and beyond.</li> <li>▪ To examine the risks and benefits of doing so, particularly with respect to capacity, resilience and influence.</li> <li>▪ The financial results of the business case to be illustrated in an outline business case, and to be completed at the same time as the Joint Business Case with Sedgemoor District Council.</li> </ul>			
<b>Evidence</b>			
<p>The Headline Solo Business case has identified the following sources of evidence:</p> <p>High level demographic data on the district  Anecdotal learning from site visits to other councils  Local learning from other County partnerships e.g. Somerset Waste Partnership (SWAP), South West Audit Partnership (SWAP)  Employment models  Terms and conditions  Independent HR expertise who provided advice on a range of personnel issues  ICT modelling  Procurement review  Draft Public Sector Exit Payments Regulations 2016  Risk Register for the Business Case</p>			

**Supporting Documentation/Links**

Devolution for the Heart of the South West – A prospectus for productivity

**Conclusion and potential impacts**

**Please note:** In undertaking this Equality Analysis (EqA), the detailed background papers and evidence have not been seen or examined. The conclusions being drawn are based on the Headline Business Case only and the information provided within that document. There may be wider impacts but these are unknown, based on the evidence seen.

The Solo Business Case is a concept document that proposes a number of options to inform the direction that SSDC may choose to take in the months ahead.

Options included may impact upon particular groups, but until a clear decision is made then it is difficult to summarise in any greater detail.

Moving forward, once a decision is made and subsequently policy, implementation plan and procedural changes start to be initiated, further EqAs will need to be undertaken at every stage of the process to demonstrate due regard and compliance with The Equality Act 2010; this will ensure that no one group is affected more than another.

For a more in depth review of impacts against particular characteristics, further consultation will also need to be undertaken with staff and Unions.

**Please comment/explain how you will meet the General Equality Duty (GED)?**

As the business case has been developed, staff briefings and awareness sessions have been undertaken and information and Frequently Asked Questions have been shared on Insite, the internal website.

There have been regular updates to Councillors to examine all aspects of the proposals.

SSDC have put the proposals before a Scrutiny Task and Finish Group for examination, debate and challenge.

**Lead Officer Sign Off**

Jo Morgan

**Date** 09/02/16