

Report for: Cabinet

Date of Meeting:	17 th June 2021
Subject:	Modernisation and Organisational Recovery Funding
Key Decision:	Yes Involves revenue in excess of £500,000.
Responsible Officer:	Charlie Stewart Corporate Director Resources
Portfolio Holder:	Councillor Natasha Proctor Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix A – Equalities Impact Assessment (to follow)

Section 1 – Summary and Recommendations

With the end of Lockdown and the C-19 pandemic in sight, this report sets out the funding requirements for restarting the Modernisation programme, undertaking key recovery activity and adding additional capacity to key areas. This programme focuses on how the council works to deliver the best service to residents.

Funding is available from the government's 'flexible use of capital receipts' scheme, which allows Councils to use capital receipts to fund transformation and change, but not other general revenue costs.

Recommendations:

Cabinet is requested to agree:

1. To restart fully the Modernisation transformation and to delegate to the Corporate Director Resources, in consultation with the relevant Portfolio Holder, authority to take steps to progress the planned changes. Cabinet will be regularly updated on the steps taken and any significant proposed changes will be brought back to Cabinet for decision.
2. To add short-term capacity, to key areas of support, to help staff and managers as they work to recover the Council from the pandemic and therefore support residents.
3. Approve that the following budgets be set aside using the flexible use of capital receipts' scheme:
 1. Modernisation Programme - £3,804,638
 2. Additional Capacity - £640,000

Reason:

The Council needs to prepare itself to move from how it has operated during the pandemic to how it will work and recover after the lockdown has ended. Only by having an effective organisation will the Council be able to support residents and businesses during recovery and in the longer term.

There are two key activities that will be central to the Council making this move:

1. Fully restarting the Modernisation programme. Most of the programme was put on hold when the pandemic started to release capacity and to not divert focus away from the response to the Covid-19 emergency. The Modernisation programme will now be key to developing the organisation, and so supporting residents, as we move out of the pandemic, including supporting the Council's equalities, diversity and inclusion agenda.

2. Adding short-term additional capacity to two key support areas to support the transformation and so that all staff and managers can be appropriately helped as they grapple to re-start services and move forward as the pandemic lifts.

Section 2 – Report

Introductory paragraph

If all goes to plan, the Country is about to emerge from the worst crisis it has seen since the Second World War. A crisis that has greatly affected the residents, businesses and communities of Harrow, and the staff of the Council. Much work will be required to recover the Council from these adverse effects and ensure it can quickly stand back on its feet, support residents and continue the improvements that were planned before the pandemic struck.

The work to put the Council back on its feet is broken down in this paper into two sections.

The first concerns re-starting in full the Modernisation programme. This will continue the modernisation of the Council which will be critical to ensure staff are able to best support residents. It includes moving the Council to a new norm of being able to work agilely and flexible, bring in much needed improvements to the way we manage and support staff and the culture of the organisation, and introduce new technologies, processes and models to services in order to make them more efficient and more effective in their support to residents.

The second section proposes adding temporary additional capacity to two key areas to provide a firm foundation to the Council's transformation and support to residents. Firstly, to HR to support managers and staff as they cope with the pressing changes in employee related issues, and secondly in the leadership of Community Safety to support the changes need in this area.

Options considered

Generally

The Council could undertake no additional activity to help support its and therefore the Borough's recovery. This option is not supported as although recovery may eventually occur, it is likely to take an unacceptable time during which people and businesses will still unnecessarily suffer, the organisation will not move forward with much needed Modernisation and the opportunities that have come out of the experience learnt during the pandemic will not be capitalised.

Modernisation

The four pillars of Modernisation (outlined in the diagram below) have been chosen to cover all the areas of where we work and how we work, and they are all interlinked. This ensures a wholistic view is taken of our transformation and problems are not solved in one way of working only to surface in another.

However, there are options about the general scope of some pillars:

Within Flexible Futures, there is an option to make managers responsible for bringing in the required changes without any support. Under this option, there would be no central support to developing policy, principles, guidance and managing the change. This was the approach that was agreed several years ago when the move to agile and flexible working was first agreed. It had very limited effect as managers neither understood nor had the time to invest in bringing the changes by themselves. Coordination of the changes did not occur, and agile working was not effectively brought in. This option is therefore not recommended especially as effective agile working is essential for the move to Forward Drive.

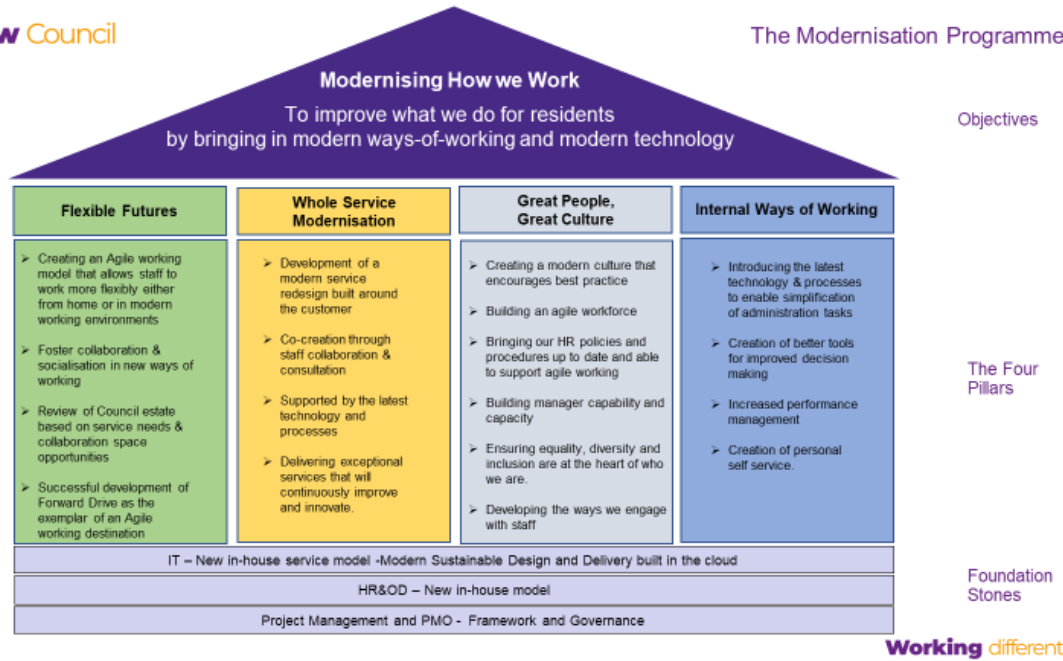
The Great People, Great Culture pillar has already gained some momentum both through the limited discussions on Flexible Futures and through the Black Lives Matters initiative. There is a possible option to just let these two initiatives move change forward. However, this option will be very slow in bringing in change, may well falter if other related change is not also enacted (which requires the additional capacity – such as Management Training) and there are other areas of People management and development that need improvement. It is therefore not recommended.

The Whole Service Review pillar is designed to first 'discover' where key improvements could be made in services and then plan and provide a cost benefit analysis on the change, before a project is initiated to enact that change. An alternative option could be to move directly to the project of change. However, with limited transformation funding available this option is not recommended as by doing 'discovery' first then we will understand where we can get the best return for our investment.

Current situation

Modernisation

The Council's Modernisation transformation was defined before the pandemic hit. Its aim is to improve what we do for residents by bringing in modern ways-of-working and modern technology. It has four main pillars built upon 3 key foundation stones as outlined in the following diagram:



As the Council’s focus turned to handling Covid-19 it became clear that there would be limited capacity to undertake most of the transformation and those parts not essential to continue were stopped.

Those parts that went ahead included:

- The IT foundation which brought in a new IT service model and structure, roll-out new devices and Windows 10/365, and started the move to the ‘cloud’. This was an essential to ensure we had the right technology to work remotely as lockdown forced home working.
- The final elements on in-housing the HR&OD service, following the demise of the Buckinghamshire shared service, and the development of some engagement channels needed for improved communications with staff and for Flexible Futures and Dynamics development.
- Re-initiating the Flexible Futures model that had previously been agreed to help both remote working during lockdown and looking forward to a possible move out of the Civic Centre.
- Introducing the new Dynamics IT system and processes, as the basis of changing the way we work internally, as the old SAP systems’ remaining life was limited.
- Great People, Great Culture support to remote working both in developing HR practices, and management and staff skills to support remote working, supporting engagement and developing training for Dynamics and supporting the Black Lives Matter and EDI development.

Additional capacity to support these first steps was funded through various routes including the procurement of Dynamics, as agreed by Cabinet, the agreed capital programme and using the Chief Executives emergency powers to enacted support for our Covid-19 response. The latter was reported regularly to Cabinet during the Chief Executive's updates.

However, only the Internal Ways of Working pillar is funded beyond these 'first steps' as its budget is held within the approved Dynamics spend. The funding for the other pillars is not available beyond completion of the 'first steps'.

As we move out of lockdown and towards a (new) normality, the opportunity arises to fully re-start the Modernisation programme. The option to not do so, and only undertake those activities whose funding has been previously agreed, is not recommended (as noted above). Re-starting the transformation will enable us to take advantage of the opportunities and mitigate the risks that have arisen due to the changes in behaviours and working patterns that have happened during the pandemic:

- The experiences of home-working during lockdown has made agile and remote working an acceptable and, for many, preferred way as it helps balance work and life.
- Service users' needs and ways we can support them have changed during the pandemic and there is an opportunity to provide different services (supported by our Whole Service Reviews & developing our people).
- The integration of social care and the NHS has been accelerated by the close working of the services during Covid-19. The opportunities this brings can be support by Whole Service Reviews & developing our people and technology.

However, funding beyond the first steps will be required to complete the Modernisation programme. This funding amounts to a total of £3,804,638 broken down into:

- Flexible Futures - £1,204,432
- Great People, Great Culture - £2,025,206
(This includes all OD capacity, training costs and supporting the embedding of change and building organisational resilience)
- Whole Service Reviews - £545,000
(NB the funding takes this pillar only up to the end of the discovery phase as described below. Additional funding, as outlined in each review's business case, will then be needed to carry out the full-service review with costs being offset by savings)
- Project Management Office - £30,000

On average the funding is over a 2-year period, however each pillar will need extra resources for different times. It is proposed that secondments and fixed term contractors be employed where possible.

Modernisation – Next Steps

If it is agreed to re-start the full Modernisation transformation, then the main deliverables from each of the pillars that require additional funding are as follows:

Flexible Futures

The Flexible Futures programme will bring in a whole new way of thinking about and using the spaces where we work. We are implementing an agile model that will allow staff to work more flexibly either from home or in modern working environments, and that foster collaboration & socialisation, supported by the latest IT equipment & tools.

It will support and embed regular home and remote working as lockdown eases. It also directly supports the move to Forward Drive and will ensure we grasp the benefits of flexibility in when staff can work and agility in where they can work. These freedoms both benefit the organisation in increased productivity and better use of assets and are a key motivator to the majority of staff as it helps to balance their work with their lives.

By the end of 2021, Harrow Council officers and members will be confident in choosing the best places to work to be productive. They will have the knowledge of the locations and technology available to them (at home and at Council sites), and the skills to use these to benefit their performance, engagement and wellbeing.

The main objectives of the pillar are to:

- Introduce agile and flexible working that enables people to do their work in the best way, location and time for them and the organisation.
- Support and embed continued remote working to work around the space limitations in the Civic Centre and support future proposed accommodation, improve sustainability of travel to work and provide greater flexibility and balance to staff's lives.
- Developing the relevant Equalities Impact Assessment and coordinating a review of means of ensuring the safety of staff, members and visitors when visiting the New Civic Centre.
- The completion of the development of the Civic Centre as temporary collaboration space (the Civic Hub). This requires a re-organisation of the layout and working methods in the Civic centre. It will give respite to staff who have been suffering while working so long at home as well as allowing us to pilot the model and technology before we move to Forward Drive.
- The development of cash-lite and paper-lite ways of working to allow staff to work in an agile way but noting the requirement of some residents needs to use paper or cash. The move of ancillary services, which are not moving to Forward Drive, to other locations.

- The move to Forward Drive and the closing of the civic Centre.
- The development and introduction of collaborative and agile working methods and spaces across the Borough.

Great People, Great Culture

Most of the work of this pillar will rest with the Organisational Development team within the HR&OD service. Over the years this team has been cut to a bare minimum and the training budget reduced to £90,000. The costs associated with this pillar are therefore greater than those of the others as we have so limited current capacity to support this part of the Modernisation.

The development of our staff is also a central need of both Flexible Futures pillar and the introduction of Dynamics and therefore the costs of this pillar also support the transformation more widely.

The outputs it will deliver are:

- The development and roll-out of a learning and development offer for all staff including succession and talent management to support organisational resilience.
- Agile organisation design principles and practices developed and deployed.
- Apprenticeships linked to service needs.
- New Employee/employer value proposition
- The overhaul of our performance review and development framework and reward recognition system
- The development and introduction of a new way of engaging staff including the establishment of a Change Champions network.
- Revised, timely people metrics and management information.
- EDI workforce action plan delivered.

Whole service reviews

The Whole Service Review pillar of the Modernisation transformation is different from the others in that it was stopped before it started. There have been no 'first steps' for the pillar apart from planning how it could be delivered. It is also the one pillar that has not been discussed widely and therefore more information as to its aims and methods is given below.

The aim of the pillar is to modernise resident-facing services by using modern improvement methods and introducing, where applicable, the latest technology and processes. An outcome of each full review is to ensure managers and staff have the skills and motivation to continuously improve the service so that the changes brought about by the review are not a one-off. Each review will be built around the needs of the service users, fully involve staff in the development of the new ways of working and look at the whole customer journey from residents' first contact with the Council to resolution of their need. Therefore, each review will involve several services including those from the Resources Directorate.

Although this methodology and aim will be at the centre of each review, each one will be different; each will need different changes to working practices, processes, models and technology. Their benefits will include cost reduction, avoidance, demand management, improved user experience and staff experience, the main aim for each review will be to at least save as much as the review costs and, preferably, produce additional savings over the time of the MTFs.

The first step for the Whole Service Review pillar is therefore to 'discover' if the benefits and, specifically, savings are enough to warrant the costs of the implementation. A choice can then be made whether to proceed. The approval will be a joint one between the service, finance and the transformation programme.

The discovery phase would be 10 to 12 weeks per service, involve the programme team, staff, managers and stakeholders and it will produce the following outputs:

- Business case including completed benefits matrix.
- Delivery plan for implementation of business case (including estimated costs)
- Client Journey & User Story

Although some of this methodology has been used before in the Council, much of the detail is new and will need fine tuning. It is therefore proposed that we start with two or three discoveries in order to pilot the approach. The feedback from these pilots will then be used to confirm and, if necessary, change the methodology.

PMO and governance

A very small programme management office, which develops and supports the project framework, programme governance and reporting, already exists. This is proposed to be slightly augmented to support the wide transformation by an additional £30,000 in their budget over the two years.

The aim is to produce more robust and consistent project management and less risk to achievement of each project's objectives through development and implementation of more modern project methods, tools and reporting.

Additional Capacity

Alongside Modernisation, there are two key support areas that need additional capacity in order that the organisation and Borough can be effectively supported through recovery.

The cost of this proposed additional capacity is:

1. HR - £550,000
2. Community Safety - £90,000

Human Resources

An aim of the Modernisation transformation is to develop our managers, culture and HR &OD ways of working so that we have an effective organisation fit for the future. However, there is a pressing problem with the lack of capacity in HR to deal with the current staff issues and employee relations and so ensure we have a solid HR service to support the Modernisation Transformation (the HR&OD foundation stone outlined in the Modernisation diagram above).

Since the implementation of the new HR&OD service in 2020, after it was in-housed from the Buckinghamshire share service, it has become evident that there is a need to improve our employee relations, update key HR policies and provide more support to service reviews (including those that will arise from the Modernisation Whole Service Reviews. The work involved far outstrips the capacity of the developing service, so it is proposed to build additional capacity into the HR team, to run alongside the Modernisation, with the aim of finishing building the HR transformation 'foundation stone'.

Community Safety

Community Safety is one of the eight Borough Plan priorities. The recent move of the Community Safety Team from the Community Directorate into the Strategy and Partnerships Division will help strengthen the links across the Council, and in particular with other functions within this division such as Community Cohesion, Domestic Violence and the management and commissioning of the London Crime Prevention Fund. This development is vital for the transformation of these functions, but there is a need to build temporary additional leadership capacity as part of this move. This additional senior capacity is also important to support the work around the disproportionate impact of crime on black heritage communities in Harrow in particular (which fits under the cross-cutting priority in the Borough plan on Disproportionality) and the work being undertaken to both understand this and put in place sustainable solutions.

Ward Councillors' comments

Not applicable

Risk Management Implications

Risks included on corporate or directorate risk register? **Yes – Corporate Risk Register**

Separate risk register in place? **Yes – Each project/programme will have its own risk register.**

The following key risks should be taken onto account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Capacity of the Council to support Modernisation not available especially over the summer months.	<ul style="list-style-type: none"> • Limitations in capacity of the Council over the summer has been reflected in Modernisation implementation plans and is discussed at CSB and programme boards. 	Green
Lack of buy-in by staff to the changes being implemented by Modernisation.	<ul style="list-style-type: none"> • A lot of capacity, effort and focus is being put into the programmes. • The OD team (in HR&OD) will lead the change management, including training and engagement. • A Change Champions group (of staff from across the Council) has been set-up. 	Amber
Fixed term contractors or secondments may not be available and therefore costs may increase as contractors on 'day-rates' may need to be used.	<ul style="list-style-type: none"> • The cost estimates have been based on experience on the relevant recruitment markets and therefore are likely to be realistic. • A contingency is included in the proposed costs to cover potential increases. • Budget is finite with no capacity to increase. 	Amber
Projects and programmes may not deliver on time.	<ul style="list-style-type: none"> • A governance structure, with the PMO at its heart, has been defined in order to review continually progress and report risks and issues to appropriate Boards including CSB and Member Oversight. • Strong project and programme management. 	Amber
Whole Service Reviews may not deliver enough savings to fund investment required and contribution to MTFS.	<ul style="list-style-type: none"> • The Business Case, delivered after each Discovery phase, will show costs and savings and be signed-off by Director of Finance, Corporate Director of Resources and the Service Director, in consultation with the Portfolio Holder. 	Amber

	<ul style="list-style-type: none"> • If return insufficient review will not progress. 	
<p>Budgets agreed using the flexible use of capital receipts' scheme: Modernisation Programme - £3,804,638 Additional Capacity - £640,000 are insufficient to achieve aims.</p>	<ul style="list-style-type: none"> • Budget requirement based on plans and required outcomes. • Good programme and project reporting throughout. 	Amber
<p>Funding available from the government's 'flexible use of capital receipts' scheme, which allows Councils to use capital receipts to fund transformation and change, but not other general revenue costs is not used in accordance with the requirements of the scheme.</p>	<ul style="list-style-type: none"> • Pre-check undertaken. • Nature of spend to be consistent with plan. • Monitoring to be undertaken throughout the programme and projects. 	Green
<p>The Modernisation programme fails meet its aims and objectives and to deliver the required outcomes to develop the organisation, support residents and the Council's equalities, diversity and inclusion agenda.</p>	<ul style="list-style-type: none"> • Robust programme and project management, monitoring and reporting throughout the life of the programme. 	Amber
<p>Emerging from lockdown does not 'go to plan' or 3rd lockdown impacting on the timing and cost of the modernisation programme and the organisational recovery.</p>	<ul style="list-style-type: none"> • Pause programme. • Re-evaluation of programme and work undertaken to date. • Terminate interims where possible. 	Amber

Procurement Implications

All procurement associated with the recommendations of this report will be undertaken compliantly and consistent with the Public Contract Regulation 2015 (as amended).

Legal Implications

This report outlines internal changes to how the council works in order to benefit residents. Any changes will be subject to equalities impact

assessments if these are required. Consultation will be undertaken with staff on appropriate proposals.

If it is considered that a whole service review would impact services to residents then consultation with those residents would be required. Also the council will be mindful of whether any reviews would engage section 3(2) of the Local Government act 1999 this is the best value duty to consult.

- (1) A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- (2) For the purpose of deciding how to fulfil the duty arising under subsection (1) an authority must consult—
 - (a) representatives of persons liable to pay any tax, precept or levy to or in respect of the authority,
 - (b) representatives of persons liable to pay non-domestic rates in respect of any area within which the authority carries out functions,
 - (c) representatives of persons who use or are likely to use services provided by the authority, and
 - (d) representatives of persons appearing to the authority to have an interest in any area within which the authority carries out functions.

CONSULTATION

As a matter of public law the duty to consult with regards to proposals to vary, reduce or withdraw services will arise in 4 circumstances:

- Where there is a statutory requirement in the relevant legislative framework;
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;
- Exceptionally, where the matter is so important that there is a legitimate expectation of consultation and;
 - Where consultation is required to complete an equalities impact assessment. In this case changing the way that staff work will require an EIA. As work streams unfold there may be requirements for further consultation with staff and staff representatives.

Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:

- Comments are genuinely invited at the formative stage;
 - The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
 - There is adequate time given to the consultees to consider the proposals;
 - There is a mechanism for feeding back the comments and those comments are conscientiously taken into account by the decision maker / decision making body when making a final decision;

- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting and;
- The consultation is clear on the reasons and extent to which alternatives and discarded options have been discarded.

Cabinet should have due regard to the public sector equality duty in making these decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses.

The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows: A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to: (a) Tackle prejudice, and (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are: Age Disability Gender reassignment Pregnancy and maternity Race Religion or belief Sex Sexual orientation Marriage and Civil partnership

As the project develops, further reports to Cabinet or other appropriate body may be needed in respect of decisions required for specific matters.

Financial Implications

In 2016 the government announced the Capital Receipts Flexibility Scheme to support local authorities to deliver more efficient and sustainable services by allowing them to spend up to 100% of their fixed assets receipts on the revenue costs of reform projects. The flexibility is in place until 2021/22. In its Local Government Finance Settlement, published in February 2021, MHCLG announced a further extension from 2022/23 onwards of the existing scheme. The settlement indicated further details on the extension will be published in due course and, until received, the principles of the existing flexibilities will be assumed.

It is proposed to fund the modernisation and organisation funding requirement of £4,444,638 under the capital flexibilities scheme with the receipts being generated from the sale of development at Waxwell Lane and Haslam House. A total of 29 new homes are being developed, due for completion in October 2021, 25 of which will be homes for private sales. The estimated surplus capital receipt from the private sales is estimated at £4.8m after all sales and marketing fees.

The balance of £0.350m, which is the estimated surplus capital receipt over and above the funding requirement of £4.444m required, will be set aside to fund any potential investment identified by the Whole Service Review pillar. This is contingent upon the nature of the investment and outcome meeting the criteria of the capital flexibilities scheme.

Equalities implications / Public Sector Equality Duty

The updated equalities impact assessment for the introduction of Flexible Futures is at Annex A.

Impact assessments for each whole service review will be developed during the individual discovery phases.

Council Priorities

The main priority that this proposal will affect is Modernising Harrow Council as it proposes funding to deliver our Modernisation transformation including bringing in technology and innovation to modernise how the Council works and improving access to digital services.

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 7th June 2021

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 9th June 2021

Chief Officer: Charlie Stewart

Signed off by the Corporate Director

Date: 4th June 2021

Head of Procurement: Nimes Mehta

Signed on *behalf of/by the Head of Procurement

Date: 4th June 2021

Head of Internal Audit: Susan Dixson

Signed by the Head of Internal Audit

Date: 7th June 2021

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: YES for Flexible Futures (FF)

EqIA cleared by: Build a Better Harrow Board

Section 4 - Contact Details and Background Papers

Contact: Charlie Stewart, Corporate Director Resources

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee

NO