



CABINET – 19 APRIL 2016

**REVIEW OF THE COUNTY COUNCIL'S STRATEGIC PLAN –
EMBEDDING A NEW APPROACH TO TRANSFORMATION AND
COMMISSIONING**

**JOINT REPORT OF THE CHIEF EXECUTIVE AND DIRECTOR OF
CORPORATE RESOURCES**

PART A

Purpose of the Report

- 1 The purpose of this report is to advise the Cabinet of a proposed review of the County Council's Strategic Plan 2014 -18 and in particular the development of a single outcomes framework which will set the policy context for outcomes-based commissioning and transformation activity. The report also provides an update on new approaches to be taken to commissioning and transformation across the Authority.

Recommendations

- 2 The Cabinet is recommended to:-
 - a) Agree the proposed timetable for the refresh of the Strategic Plan including a single outcomes framework and the intention to obtain County Council approval thereto by the end of the calendar year so that the revised Plan will inform the commissioning cycle in 2017;
 - b) Note the current position in relation to the development of commissioning strategies by service departments;
 - c) Note the work undertaken to develop departmental commissioning intentions and agree that these should sit, as far as possible, within the framework of the four key commissioning themes of Prevent Need; Reduce Need; Delay Need and Meet Need;
 - d) Agree the new approach to be adopted for the Transformation Programme to support the delivery of savings within the Medium Term Financial Strategy as outlined in paragraphs 41-43 of the report;
 - e) Authorise the Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources, to make changes to the Transformation Programme's delivery mechanism and list of projects within it to allow for flexibility in supporting current and future MTFS

savings and to enable opportunities for improvement within the Council to be progressed as they emerge;

- f) Note that regular progress reports will be submitted to the Cabinet and Scrutiny bodies on the measures and targets set out in the refreshed Strategic Plan.

Reasons for Recommendations

- 3 The Strategic Plan needs to be aligned to the current MTFs and have regard to the changes proposed for the Transformation Programme and Commissioning and Procurement Strategy and Commissioning Intentions. The development of a single outcomes framework will facilitate the implementation of an outcome-based approach to commissioning.
- 4 Delegation of authority to the Director of Corporate Resources to deploy transformation resources as appropriate will allow the Transformation Programme to be more flexible in its delivery mechanism and to evolve on a rolling basis.
- 5 To ensure that members are aware and supportive of the direction of travel on the Transformation Programme and commissioning strategies and intentions as these will be a key component of the refresh of the Strategic Plan 2016 – 2020.
- 6 The Strategic Plan will identify measures and targets to assess progress and achievements and reports will be made to the Cabinet and Scrutiny bodies as part of the performance management framework.

Timetable for Decisions (including Scrutiny)

- 7 The Health Overview and Scrutiny Committee received a position update on 30th March which included details about the Public Health Department's short-term commissioning intentions pending the development of a new commissioning strategy.
- 8 A report appears elsewhere on the Cabinet agenda regarding the Children and Families Department Commissioning Strategy, which was considered by the Children and Families Overview and Scrutiny Committee on 4th April.
- 9 The Adults and Communities Overview and Scrutiny Committee has already considered and commented on the Adult Social Care Strategy 2016-20 (which was agreed by the Cabinet in February 2016) and the Communities and Wellbeing Strategy 2016-20 (to be considered by the Cabinet again in June). On 5th April the Committee received a report on the commissioning intentions and market position statement for adult social care services.
- 10 The Environment and Transport Overview and Scrutiny Committee considered the Environment and Transport Department's Interim Commissioning Strategy and capital investment plan on 7th April. This is also the subject of a separate report on the Cabinet agenda.

- 11 This report will be considered by the Scrutiny Commission on 6th April.
- 12 The views expressed by the various Overview and Scrutiny bodies will be reported to the Cabinet.
- 13 The aim is to ask the Council to agree the Strategic Plan on 7th December 2016 following consideration by the Scrutiny Commission and the Cabinet in November.

Policy Framework and Previous Decisions

- 14 The County Council and the Cabinet have previously approved the Council's Strategic Plan, the Transformation Programme, and Commissioning and Procurement Strategy as outlined in Part B of this report, below, and approval is now being sought for changes to the Transformation Programme and to refresh the Strategic Plan on the basis outlined in this report.

Resource Implications

- 15 There are additional resource requirements to develop the Council's Strategic Plan and implement changes to the Transformation Programme and Commissioning Strategy and intentions. However, work on each of these will be critical to delivering the requirements of the Council's MTFS.

Circulation under the Local Issues Alert Procedure

- 16 None.

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PART B

Background

- 17 The County Council's Strategic Plan 2014 -18 forms part of the Authority's policy framework and as such requires approval by full Council. It was approved in May 2014. Since then there have been two further iterations of the Council's Medium Term Financial Strategy (MTFS) which have sought to address the additional financial pressures placed on the Council as part of the Chancellor's drive to eliminate the public finance deficit by 2019/20.
- 18 The current Strategic Plan sets out the Council's vision and how it will deliver this in terms of working with partners and local communities. It also explains how the Council will seek to deliver services whilst operating in an environment of significantly reduced funding and the hard decisions it will need to take in transforming services as well as new ways of commissioning services.
- 19 The Strategic Plan is underpinned by a number of other key policies and strategies and detailed service delivery plans:
- Medium Term Financial Strategy (agreed by the Council in February 2016)
 - Communities Strategy (agreed by the Cabinet in May 2015)
 - Transformation Programme (agreed by the Cabinet in May 2014)
 - Commissioning and Procurement Strategy (agreed by the Cabinet in February 2015) and Departmental Commissioning Intentions
 - Enabling Growth Plan (agreed by the Cabinet in March 2015)
- 20 The substantial budget reductions (£78m over 4 years) set out in the latest MTFS have necessitated a review of the Strategic Plan 2014-18 to ensure that both plans are aligned. As part of that review the Council's approach to transformation and commissioning which inform its Strategic Plan has also been reappraised.

Developing the Single Outcomes Framework and refreshing the Strategic Plan

- 21 In progressing the work on commissioning and from the involvement of senior Council officers and other public sector partners in the (Government-funded) Commissioning Academy it has become clear that the development of an overarching single outcomes framework¹ is required to set a strategic context for outcome-based Commissioning Strategies. This will ensure that they are designed to deliver the Council's priority outcomes, for example in relation to social care, infrastructure and economic growth. This work on a single outcomes framework will be undertaken as part of the proposed refresh of the Council's Strategic Plan.

¹ Under a single outcomes framework partners agree strategic priorities and then deliver them individually or jointly, focusing on the agreed outcomes.

- 22 The benefits of outcome-based commissioning, which will be reflected within the revised Strategic Plan, will mean:
- A focus on the real difference being made to citizens, communities and businesses and not just on short-term outputs or processes.
 - Having a long-term vision and medium and short-term actions.
 - Activity and spend focused on achieving real and lasting benefit for Leicestershire people.
 - Better integration across and between Council Departments by directing effort towards an agreed set of outcomes.
 - Aligning Council activity to shared corporate outcomes/vision and to national frameworks.
 - Better integration of Council activities with the third (voluntary and community) sector and other partners.
 - Helping politicians to make difficult decisions about decommissioning services.
 - Being better able to identify inter-dependencies between services.
 - The potential to measure the extent to which Council budgets (and others in the public sector) is being spent on delivering outcomes.
 - Providing a framework for commissioning and for in-house delivery
 - The potential to widen the approach to include other partners and therefore widen the size and scope of the available resource.
- 23 The incorporation of a single corporate outcomes framework in the Strategic Plan will also mean that it:
- Can be shared by all across the organisation and by providers/contractors, and therefore can inform how resources are deployed (people, funding, assets, time). The Council will also seek to work jointly with partners and communities to deliver these.
 - Focuses on the difference to be achieved for Leicestershire people.
 - Provides a strategic policy context and framework for commissioning, co-design and delivery of services, investment of resources, planning and place shaping.
 - Provides a framework for measuring impact of actions over the short, medium and long term.
- 24 It is crucial that the refresh of the Strategic Plan is developed in a collaborative way across the organisation and with key partners. Detailed timelines and a project plan for the completion of this work are being developed with a view to submission to the Cabinet in November 2016 and the County Council in December, in order for it to be in place in time for the commissioning cycle next year.

Commissioning

- 25 In February 2015 the Cabinet agreed a new Commissioning and Procurement Strategy, which includes 8 Commissioning Principles and supporting actions to drive change, as follows:

- i. Making decisions based on evidence.
- ii. Understand and challenge needs and manage demand.
- iii. Take an outcomes based approach to commissioning.
- iv. Challenge and review service delivery model (make, shift, buy, share, stop) to make sure value for money is achieved.
- v. Use an enhanced commercial approach by taking a more 'business like' approach to creating further efficiencies and maximising income.
- vi. Collaborate with others to secure the best outcomes for the people of Leicestershire.
- vii. Innovation in performance management to ensure the Council is getting the most from all of its commissioning and contracting arrangements.
- viii. Enhance sustainability – environmental, economic and social for the ongoing well-being of the people of Leicestershire.

26 The overall aim of the Commissioning and Procurement Strategy is to:

- Help to achieve a greater level of consistency in commissioning across the Council and partner organisations.
- Make the most of all the resources available (not just those of the Council) but partners, suppliers and communities to make the biggest possible impact.
- Establish a more commercial approach by adopting core business practices that will maximise service efficiencies and maximise income.
- Continue to place customers and communities at the heart of everything which the Council does.

27 Since the launch of the Strategy there have been significant inroads in improving organisational practice through various measures including the establishment of a new Commissioning Framework and toolkit, staff training and development, and improving data and business intelligence. The first annual progress report on the Strategy highlighting progress made and key achievements was circulated to all members as a Members News in Brief item on 24th March 2016 and has been published on the Council's website.

28 Since approval of the MTFS 2016/17 - 2019/20 in February 2016, Service Departments have been asked to develop/refresh their Commissioning Strategies and the position is as follows:

Adults and Communities	The Adult Social Care Strategy was approved by the Cabinet on February 2016. The Communities and Wellbeing Strategy is currently subject to consultation and will be submitted to the Cabinet for approval in June 2016.
Children and Families	A report regarding a proposed new Commissioning Strategy appears elsewhere on this Cabinet agenda.

Environment and Transport	<p>A report regarding an interim Commissioning Strategy appears elsewhere on this Cabinet agenda. Given the significance of the capital programme to the work of the Department the interim Strategy also contains details of capital investment plans for the coming years.</p> <p>An interim Strategy has been produced at this stage as the work and focus of the Department will be affected by the establishment of a Combined Authority for Leicester and Leicestershire (expected to be Autumn 2016).</p>
Public Health	<p>Given the current uncertainties and changes affecting the NHS Better Care Strategy, late notification of the Better Care Fund criteria, and the recent announcement that NHS bodies should be developing new Sustainability and Transformation Plans it was considered that development of a new Public Health Commissioning Strategy should be delayed.</p> <p>Plans are in hand to update the Joint Health and Wellbeing Strategy over the next few months. The Department has been reviewing its services in line with the Council's Target Operating Model² for early help and preventive services and its short-term commissioning intentions are included in Appendix A to this report.</p>
Corporate Resources/ Chief Executive's	<p>Business Strategies and Plans have been developed which demonstrate how these two departments will support the above service departments, directly and indirectly in delivering their commissioning strategies and intentions. For example by supporting Departments to develop on-line self service arrangements and building capacity within communities to support people and the devolution of services.</p>

Commissioning Intentions

- 29 As part of the further development of the Commissioning Strategy, work has been undertaken with all Departments to develop a forward plan of commissioning intentions for 2016/17 to 2019/20 (Appendix A to this report).

² A high-level representation of how the Council can be best organised to deliver its strategy more efficiently and effectively.

30 Commissioning intentions are the key changes which the Council/Department plan to make over the next 4 years to ensure best use of all the available resources. These are statements of intent which have a clear rationale/evidence base, are intended to drive outcomes, and are aligned the Strategic Plan. Commissioning intentions have a set of actions to ensure delivery and are used to inform future business plans and contractual activity. Examples include the intent to: invest, disinvest or shift resources, transform/redesign services, achieve new models of service delivery, pilot changes, scale-up a system-wide change, or embed key changes.

31 There are **4 key themes** which feature throughout the commissioning intentions. These are aimed at reducing demand on Council services, so that the organisation can focus its increasingly scarce resources on those areas which can make the biggest impact. These four themes are:-

1) Preventative measures by investing (for example) in:

- Wide scale population measures to promote health;
- The provision of information, guidance and advice about the support available in the community;
- Online technology and increasing the use of self-service;
- Preventative road maintenance treatment, to increase their lifespan;
- Waste prevention initiatives to reduce the amount of waste that needs disposing of;
- Infrastructure delivery, where appropriate, to support sustainable travel;
- Measures to enable local people, communities and businesses to solve problems without having to involve the Council.

2) Reducing need by targeting services to the 'right people and/or the right location, at the right time' and to stop any escalation of need. Examples include investing in measures to:

- Reduce the volume of waste being sent to expensive landfill through re-using and recycling materials;
- Reduce energy consumption;
- Manage flood risk to reduce longer-term costs;
- Promote independent travel for pupils with Special Educational Needs;
- Provide targeted and time-limited interventions for families to reduce existing needs
- Support carers to continue their caring role.

- 3) **Delaying the development of need** by investing in those measures which
- Minimise the effect of disability or deterioration for people with established or complex health conditions;
 - Support people to regain their skills and independence, eg. following illness;
- 4) **Meeting need** when all other options have been explored. This includes investing in those solutions, which:
- Enable voluntary groups to provide community transport;
 - Support and deliver key infrastructure improvements to enable planned economic growth within the County;
 - Provide just enough support to carers;
 - Deliver waste disposal requirements;
 - Ensure compliance with statutory requirements.

32 The attached plan of commissioning intentions includes a table showing in more detail how each of the Departmental commissioning intentions will fit within these 4 key themes. Such an approach will also, it is hoped, offer opportunities for looking at interdependencies and opportunities for cross-departmental work.

33 The Commissioning Intentions Plan will be shared with local stakeholders, including current and potential suppliers with a view to developing this high-level Plan into a set of detailed projects/activities. As part of this, consideration will be given as to what local people, communities and businesses can do this for themselves, in line with the Council's Community Strategy. This will make sure that the Plan targets resources only at those areas where support is needed the most.

34 The commissioning intentions will act as the focus of service improvement and service re-design over the next 4 years, though it is recognised that there will be a need to update this annually, for example, as legislation changes, as the evidence base develops, or as new policy initiatives are introduced. Detailed project plans will be developed to deliver these commissioning intentions and where these meet the criteria of a 'Key Decision' reports will be made to the Cabinet and appropriate Scrutiny bodies seeking approval.

35 Members are asked to note the work undertaken, in particular to align Departmental commissioning intentions with the 4 key themes above.

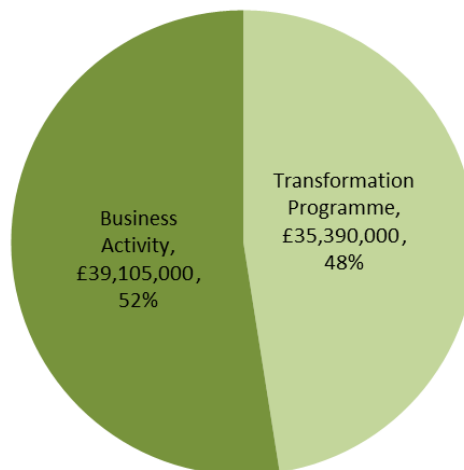
Transformation Programme

36 The current Transformation Programme (which supports the Strategic Plan) was approved by the Cabinet in May 2014 to support the contribution of £44m

savings to the MTFS through a fixed programme of 24 Transformation Projects and six Enablers³ up to and including 2017/18. The Annual Report 2015/16 highlighting the progress made and closing off the current transformation programme was circulated to all members on 24th March 2016. Of the £44m savings for the four-year programme, around £23m has been delivered. This is against a target of approximately £20m to the end of 2015/16.

- 37 As stated earlier there have been two further iterations of the MTFS since the Strategic Plan and Transformation Programme were agreed. By February 2016, the savings requirement in the MTFS had risen to £78.3m for the period up to 2019/20. In order to respond to the increasing financial challenges it is clear that the Transformation Programme needs to be more flexible and agile, adapting to the changing priorities presented by the MTFS and the organisational and policy changes taking place within the County Council.
- 38 To achieve this more flexible approach a baselining exercise has been undertaken to align the Transformation Programme to the current MTFS for the period 2016/17 – 2019/20. This ‘baselining’ will provide a stable platform to give clearer assurance to members via the Transformation Board and Scrutiny, and will also provide clearer lines of accountability for the delivery of the MTFS savings.
- 39 From the baselining work undertaken, the delivery of the 2016 – 2020 MTFS, including corporate savings lines still under development, totalling £74.5m is broken down as follows:

Figure 1: MTFS delivery



- 40 The £74.5m includes identified savings of £58.8m and a further £15.7m from corporate savings currently under development, which were referred to in the MTFS (e.g. Digital and Commercial Services). Even assuming that the above savings are delivered there still remains a financial gap within the MTFS that will require further savings of £3.6m.

³ Enablers cover activity that creates the Transformation Programme infrastructure such as the communications, governance arrangements, and central transformation resources, and also corporate enablers required eg. technology.

- 41 The refresh of the MTFS presents an opportunity to refocus the Transformation Programme, tasked with supporting the delivery of £35.4m savings over the four-year MTFS, as follows:

Figure 2: Transformation Programme Profile

	2016/17	2017/18	2018/19	2019/20	Total
In-Year	£9.9m	£9.0m	£9.3m	£7.2m	£35.4m
Cumulative	£9.9m	£18.9m	£28.2m	£35.4m	

- 42 A summary of the baseline work, attached as Appendix B to this report, provides details of the projects likely to enter the emerging Transformation Programme and, if and when they move into 'in-delivery', be subject to the strategic oversight of the (member) Transformation Board and consideration by Scrutiny.
- 43 To enable the Council to respond and adapt quickly in future to changing pressures and future iterations of the MTFS, the Cabinet is requested to delegate authority to the Director of Corporate Resources, following consultation with the Lead Member for Resources, to make changes to the Programme to allow it to be more flexible in its delivery mechanism and to evolve on a rolling basis, whilst still ensuring that ultimately the associated benefits (financial and non-financial) in supporting the MTFS are achieved. This approach will ensure that as opportunities for improvement within the Council emerge (for example, derived from the departmental commissioning intentions), can be progressed as projects, at pace, and benefits realised.

Impact Assessments

- 44 Detailed impact assessments will be carried out on emerging commissioning intentions and transformation projects and will be reported on as part of the business plans.

Equality and Human Rights Implications

- 45 There are no equality and human rights implications arising directly from the recommendations set out in this report. The County Council's Strategic Plan includes specific priorities aimed at ensuring that it maintains its excellent performance in equality and diversity practice and ensuring the delivery of outcomes for particular groups. As stated earlier in the report, detailed business plans will be developed to deliver the commissioning intentions and as part of these Equality and Human Rights Impact Assessments will be undertaken and reported to members.

Background Papers

Report to the Cabinet on 6 May 2014 "County Council Strategic Plan and Transformation Programme" - <http://ow.ly/ZQEZK>
Transformation Programme - <http://ow.ly/ZQF5M>

Report to the County Council on 21 May 2014 “County Council Strategic Plan 2014-18” - <http://ow.ly/ZQFzt>
County Council Strategic Plan - <http://ow.ly/ZQG4Y>

Report to the Cabinet on 6 February 2015 “Commissioning and Procurement Strategy” - <http://ow.ly/ZQGvZ>
Commissioning and Procurement Strategy - <http://ow.ly/ZQGFg>

Appendices

Appendix A - Council Plan of Commissioning Intentions 2017/18 to 2019/20
Appendix B - Refreshed Transformation Programme