Redesign of the Highland Council: Recommendations to Council from the Redesign Board

Report by the Chief Executive

Summary

This report sets out the final recommendations from the Redesign Board for the redesign of the Council. It concludes the six phases of work of the Redesign Board. The Board recognises that the redesign proposed should be a continuous process for the Council. Some recommendations are for this Council to take forward while others can be endorsed as recommendations for the new Council to consider.

1.   Background

1.1   On 24th March 2016 the Council agreed the case for redesign and that a Board should be established to take it forward. It was to be inclusive in its processes with key reports expected in December 2016 and March 2017. The Redesign Board was established on 18th April 2016.

1.2   The Board, comprising 16 elected Members and two representatives from Trade Unions, has met formally as a Board seven times, taken part in 23 workshops and reported to every Council meeting since March last year. This report is its final report with conclusions and recommendations for redesigning the Council. Some will be matters for the new Council to consider and implement.

2.   The Board process

2.1   In developing its recommendations the Board has listened to a wide range of evidence. It has developed new ways of listening, especially to staff and in gathering views from community bodies. It has listened to the Community Planning Partnership and individual partners, to our Citizens' Panel and to the Commission on Highland Democracy. It looked at what other public bodies are doing, particularly local authorities facing larger budget cuts and it has taken a more forensic look at the wide range of functions the Council provides. It has tried new ways of seeking improvement and change, drawing on the talent and openness of staff and on a new approach to reaching Member agreement.

2.2   A chronology of the Board's activities over the past 11 months is available on the website. As well as leading by listening, the Board has reflected on its own learning from the redesign process. The insights of Board Members, especially in how to share ideas and in their working relations together and with staff, have influenced the recommendations made. The Board recognises

that its recommendations provide the start for a longer process of change that will not only redesign the Council, but also redefine our relationship with our communities over time. That story of change is set out in Appendix 1 in the redesign statement which the Council approved in December 2016. The Board recommends the redesign statement is presented to the new Council for approval and implementation.

2.3   The Board's objectives were agreed on 18th April and six phases of work were organised. In June 2016 the Council included an objective for the Board to also review the structure and membership of committees. The conclusions and recommendations are presented for each phase below.

3.   Phase 1: Purpose, values and outcomes
3.1   In June 2016 the Council approved the draft statement of purpose, values and outcomes developed by the Board. In concluding its work the Board has re-visited that statement and recommends one change to reflect a new working relationship between Members and staff. The change is shown in bold text in Appendix 2. The Board recommends this statement of purpose, values and outcomes is amended as shown and presented to the new Council for approval.

4.   Phase 2: Re-prioritising statutory and non-statutory duties
4.1   Over the summer in 2016 Board Members considered all of the statutory and discretionary functions carried out by the Council. Booklets listing all the functions carried out by the Council and those prioritised for review (classed as essential or desirable) were approved at the Council meeting in September 2016. No further decisions are sought on re-prioritising functions at this time. However it can be noted that this information will be helpful for the induction of new Members after the May election, for identifying future areas for review and for informing the redesign of our governance and service structures, as set out in Phase 6 below.

5.   Phase 3: Appraising the options for change
5.1   Functional reviews for redesign
In prioritising the Council's functions the Board identified around 120/270 for review. To make this programme of reviews manageable they were organised into:
- Bundles of similar functions to enable larger and significant reviews to be carried out;
- Mini reviews where there focus was on commercial and income generation opportunities; and
- Functions where a service review had already commenced, prior to redesign.

These were listed in the report to Council in October 2016. The Board also identified the review process to use. This pioneered a new peer review approach involving other staff and with Board Members and staff side representatives attached. Review findings were challenged in the Board prior to any agreement on them.

5.2   A key part of the review process was to consider a range of options for service

delivery. These options were identified as: in-house and lean; to be brought back in-house (in-sourced); a shared service; a partnership or integrated service; out-sourced; commercially run; run through a Council owned company; community run; reducing demand for the service; and reducing service levels or stopping the service.

5.3   Across the reviews carried out it can be shown that these options were considered and proposals for changing service delivery were made. The full [review reports](#) contain considerable detail and can be accessed on the Council's website. In summary the options favoured by particular reviews are listed below:

- In-house and lean – This option was chosen for catering, cleaning and facilities management. It featured in all significant reviews with efficiency ideas and several areas for focused 'Lean[1]' reviews now identified.
- In-sourced – This was a strong theme in the review of waste services, with business cases to be developed.
- A shared service - This is favoured for the review of depots, stores and fleet and options are identified for internally sharing more between administration in schools and business support within the Council.
- A partnership or integrated service – This approach was highlighted for the review of children's services around residential care and mental health services.
- Out-sourced – This was explored in depth for the transport review with recommendations on reviewing our approach to future procurement.
- Commercially run – This was a major feature in the review of waste services with significant income potential from changing and expanding services. It features too in the harbours review. The mini reviews all focused on commercial opportunities.
- Run through a Council owned company – This option is included in both the waste reviews and transport reviews with further business case development recommended.
- Community run – This option was identified in the transport review and it is in scope for the review to be agreed with NHSH on adult social care. It also features in the review of harbours.
- Reducing demand for the service – This featured in the reviews of Additional support for learning, children's services and street cleaning.
- Reducing service levels or stopping the service – This was explored most in the reviews of street lighting, waste, transport and street cleansing. Some recommendations are included in Appendix 3 (see below).

5.4   Staff involved in the review teams will be available in the Council chamber foyer prior to the Council meeting and over lunch time to provide Members

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[1] Lean reviews involve staff mapping and understanding the different stages and processes involved in their work, understanding the customer perspective and journey, and identifying where and how to eliminate waste. They focus on effectiveness, efficiency and empower staff to identify and make the change needed. The Lean concept and practice was developed in manufacturing and is now an approach in use across public services.

with any further information about the reviews. Members attached to particular reviews can also provide Members with information if required[2]. Member briefings on the waste review are being scheduled before 9th March.

5.5   In addition to the full reports on-line, a summary of the recommendations from across the reviews is available on-line too. These were considered by the Board on 14th February. Many review recommendations were about changing operational arrangements within the service or with support from other services. The Board has supported these changes and they are now to be taken forward. Other recommendations supported by the Board need Member approval before they could proceed. These are attached at Appendix 3. Council approval is sought for these to enable function redesign. As work is developed, e.g. business cases developed and pilots run, further recommendations would come to the new Council to consider. These are identified in the summary of recommendations hyperlinked above.

5.6   Operating more commercially
Commercial opportunities were considered by the Board in a number of ways. As noted above they featured in some of the significant and in-Service reviews. Several others were also pursued by the Commercial Manager and some of these were approved by the Council in the budget setting meeting in February. A specific proposal is also reported to Members as a separate and confidential item for this Council meeting.

5.7   In addition the Board also considered whether a strategic approach to operating commercially was needed. It listened to the experience of the successful approach used Colchester Council and to the way in which Highlife Highland had been able to sustain and grow services by adopting more commercial methods, including competing for new services commissioned by other public bodies.

5.8   There was a range of views within the Board on the pros and cons of adopting a strategic approach to commercial operations. The Board acknowledged that by generating more income we can sustain more services and be able to deal with any further grant cuts better. They acknowledged too that if we did not generate more income we would not be able to provide the services that people need. The Board was clear that any surplus generated by our commercial activity would be used for Council services and it would help sustain Council jobs and services across the region. They considered the benefits of having services delivered through council owned companies including:
   • the way in which they can respond more quickly to changing market conditions;
   • their ability to draw on the business expertise from their Board; and

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[2] Board Members were attached to the following reviews: Children and young people -Cllr McCallum; Waste services – Cllr Smith, Cllr Prag, Cllr Gray; Street lighting – Cllr Reiss; Additional support for learning – Cllr MacKenzie, Cllr Lobban, Cllr MacKay; Transport services – Cllr Davis, Cllr Cockburn; Administration in schools – Cllr McCallum, Cllr Millar; and Street and road cleansing- Cllr Christie and Cllr MacKinnon.

- how they can free up staff to be more imaginative and creative.
They were advised too on the safeguards for any staff transferring to a council owned company.

5.9 On balance the Board favoured a mixed economy of service delivery, using commercial approaches where appropriate and considering council owned companies as one of a number of options to be appraised on a case by case basis, with a business case required for each one proposed.

5.10 The reviews also highlighted where changing practice would help the Council to be more commercially minded. These included:
- setting service standards with affordability in mind;
- tracking trends in expenditure for functions over time (in addition to our routine in year and year end monitoring);
- reporting clearly where expenditure is protected or is externally funded as Members have less discretion over how that is deployed;
- improving data to understand costs better and to inform charging schemes;
- improving linkages across the teams involved in taking payments and pursuing debts and even further use of ICT to make it easier for customers to be billed and to pay for services;
- using our corporate data better to improve the marketing of our services;
- 'Lean' reviews to remove wasteful processes and to re-focus some job roles;
- encouraging staff to identify commercial opportunities; and
- developing our financial management resource to be more akin to account management to be able to challenge costs and expenditure.

5.11 A specific proposal on establishing a Commercial Board to support this programme of work is made below, from phase 6 of the Board's work.

5.12 Stopping or withdrawing services
When re-prioritising functions Members were reluctant to identify any services to stop providing. A few of the reviews (affecting community services) considered this option but none made firm recommendations to stop services. This was largely because other options for change were preferred. The experience of the reviews is that there are other options to pursue first before considering stopping or withdrawing services if the services are seen to be of value. These are:
- To demonstrate that we are operating services as efficiently as possible before stopping services (this should apply across services and functions as efficiency levels will vary);
- We should explore if the service can be provided in another way and/or by another provider (a Council owned company, community body, out-sourced. This might mean some transitional support is needed (e.g. to community bodies);
- We should explore income potential to sustain a service – or enable

cross-subsidy of it;

- We should review levels of service to make the service more affordable.

Stopping services cannot be ruled out however if they are discretionary and no longer affordable. The Audit Scotland framework for stopping services[3] is also helpful.

6.   Phase 4: Localism and public participation objectives
6.1   The Board's has developed proposals around localism and public participation from four areas of its work:
1. From the findings of the significant reviews;
2. From listening to community bodies;
3. From the work to review governance and structure arrangements; and
4. From listening to the interim findings from the Commission on Highland Democracy (to be presented separately by the Commission at the Council meeting).

6.2   <u>Findings from significant reviews</u>
All reviews were asked to consider how they could support localism. Different findings emerged from different reviews. They related to decision-making, service delivery options, management arrangements, the engagement of community groups and people in providing services. Key findings were:

- Local Committees should have greater budget responsibility and accountability (transport review);
- We need to engage more with community bodies to find new local solutions and for them to have a greater say in resource allocation (transport review);
- We need to understand the incentives and barriers for people being more involved in community life and local public services (Citizens' Panel results highlighted this for some reviews);
- There is no single option (for service delivery) that meets the needs for all of Highland (transport, administration in schools and street lighting reviews);
- The new local community partnerships have potential to develop and share ideas and information on service delivery needs and options (transport review);
- More decentralised management approaches are needed including budget responsibility (ASN review, residential places for looked after children, transport);
- Disaggregating contracts to enable different solutions for different areas and letting contracts for different time periods (transport);
- Sometimes a local option might mean within Highland, rather than out-sourcing from out with the region (e.g. developing capacity to in-source some functions - specialist education facility, other services for looked

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[3] This provides a rationale for stopping services where: there is little or no demand for the service; the costs outweigh the benefits; alternative providers exist and people using those providers would not be disadvantaged; the function does not contribute to Council objectives; and there is no statutory or strategic requirements to make provision. Source: Accounts Commission (March 2016) An overview of local government in Scotland 2016

after children and a facility / capacity for waste treatment and disposal). These have all influenced the recommendations in Appendix 3 and the governance proposals below (phase 6).

6.3   Listening to community bodies
        Members were advised at the Council meeting in December of the feedback from community bodies, gathered over two engagement events last year. The events sought to find out what needs to change to support more community action. They highlighted two key areas where they sought change:
        • Through a range of practical supports (described below);
        • An attitudinal change among public bodies that values the contribution that community bodies can make. This includes better listening across public and community bodies and building more trusting relations. It also requires the Council and other public bodies to be open to change, challenge and innovation and letting go of some areas of responsibility.

        The report from the second engagement event and our analysis of both events are available on the website.

6.4   The idea of a Community Gateway was raised as a key practical support in the first event and favoured among community bodies in the second larger event. A Community Gateway would provide a support or brokerage service for community bodies in the Highlands. Delegates defined the following objectives of a Community Gateway:
        • To provide a single point of contact for community bodies offering help, advice and know-how;
        • To connect volunteers to volunteering opportunities locally through local coordinators, and connect volunteers to assets held by others;
        • To share what other communities are doing and learn from it;
        • To help access funding;
        • To help acquire and access buildings and other assets;
        • To offer advice on legal issues, good governance, business practice and social enterprise;
        • To enable training in a wide range of skills from business planning to community participation;
        • To assist with gathering views on community needs, dealing with different perspectives on needs in communities, including conflict resolution;
        • To grow social enterprise, offering local employment as well as volunteering opportunities; and
        • To provide human resources support for community bodies, including assisting with succession planning and employing people on behalf of community bodies.

6.5   At the event there were mixed views on how a Community Gateway might perform these functions and who else needs to be involved. Common themes were the need to build on what is in place already and to make the most of the

total resource available across partners and to avoid duplication.

6.6   The Council has secured agreement from the CPP to work together to develop the Community Gateway idea. Members are asked to endorse this approach. Other ideas from the event, especially considering small, easy to access grants and ensuring local community partnerships get off to a good start and with local community bodies are also being taken forward with the CPP.

6.7   Approaches to supporting attitudinal change are described in Phase 5 below. Further insights may come from the final report from the Commission on Highland Democracy.

6.8   <u>Reviewing governance and structure arrangements</u>
        How redesigned governance and structure arrangements can support localism and public participation is described in phase 6 below.

7.   Phase 5: Organisation change and support programme
7.1   For the Council to implement its Redesign Statement (Appendix 1) a programme to support change is needed. The changes will affect staff roles and behaviours, Member roles and behaviours and they will impact on the mutual expectations of partners, community bodies and the public. The change required is considerable and it will take time to embed.

7.2   The Board has supported the following elements of a change programme so far. These have arisen from the new ways adopted by the Board to engage staff in the redesign process and from <u>insights</u> arising from the review of functions.
        1. We need to embed the new ways of involving staff in redesign, seeking their ideas and freeing them up to try new ways of working that support redesign. So far this means:
            - Holding face to face briefings in localities (in total 50 separate briefings were held across offices, depots and village halls in two phases of briefings on redesign) and involving local Members;
            - Using the new Staff Panel to gauge views through surveys (around 900 staff have agreed to take part so far);
            - Using the new on-line tool setting challenges for staff and seeking their ideas for redesign (so far these focused on how to operate more efficiently and commercially with over 200 suggestions made);
            - Using the new staff Facebook page for communications.
            All of these methods can continue to be used and improved as redesign continues.

        2. Making staff peer reviews normal business as a way of improving how we operate with options, cost and impact in mind. The review process demonstrated the benefits of having Members and Trade Union representatives involved in reviews. Appendix 4 describes these benefits and clarifies the role of Members.

3. We need to enable capacity to implement reviews and celebrate achievements.

4. One way to enable capacity for the review process is to re-purpose, re-shape and re-brand the Corporate Improvement Team. It could then: coordinate an ongoing programme of reviews; support the peer review process; support the implementation of reviews; manage a programme of 'Lean' reviews; develop commercial approaches further; evaluate reviews and the programme; and support ongoing staff engagement in redesign.

5. Train staff to conduct 'Lean' reviews to streamline processes and improve efficiency and effectiveness. Currently over 20 staff are undergoing accredited training to carry out 'Lean' reviews and these will engage a wide range of teams across the Council. Several areas have been identified for 'Lean' reviews already.

6. Roll out training in how to operate more commercially for staff and Members. Targeted training of staff is currently underway. This will complement the actions described in paragraphs 5.6 to 5.11.

7. In addition to Members engagement in a review programme, local staff briefings and training, a protocol for Members shadowing staff was agreed by the Board and can be used.

8. The Board heard from the Occupational Health, Safety and Wellbeing Manager on the Council's duty of care towards its staff and the change programme must be mindful of these duties, not to overload staff and to support them through change. Streamlining processes will assist as well.

7.3 Other supports for change that need to be developed focus on engagement with community bodies, public participation methods and developing staff volunteering approaches. Specific proposals will flow from work with partners on the Community Gateway and other ideas from the engagement event. One of these ideas is for community bodies to offer training to Council and CPP staff. The conclusions from the Commission on Highland Democracy may also provide further insight for the change programme. The work being taken forward to support our new duties under the Community Empowerment Act will also feed into this area of change, e.g. participatory budgeting and local community partnerships. Further support will be required for the new governance proposals described in Phase 6 below and the resulting changes to structure and roles.

7.4 The programme of support for organisational change will be ongoing, learning as we go and trying out new approaches. It will be informed by best practice, encourage innovation and fully support the redesign statement. It will develop as new structure arrangements and staff roles are designed. The Board recommends that the current elements of the change programme detailed in

paragraph 7.2 are endorsed and that the programme continues to develop with early attention to the support required for localism and public participation objectives and any structure changes.

8. **Phase 6: Recommendations on the structure and management of Council operations and a review of Committee structure and membership.**

8.1 Councillors met separately in three workshops, with one facilitated by Council officers, to consider the governance and structure changes required for redesign. The output from these sessions was discussed at a full Board workshop on 22.2.17. In reviewing all of the functions performed by the Council, they key lines of enquiry were:
1. What is the right scale for making decisions about this function?
2. Which services is it essential to aggregate and share from the bottom up?
3. What is the right scale for organising this function?

8.2 Using the principle of subsidiarity Members assumed that all functions should be decided and organised locally unless there were good reasons for not doing so i.e. where the service is specialist, where it would be more effective or affordable if at a larger scale. The Board concluded that:
1. Far more needs to be decided locally – with more decisions, scrutiny and resource allocation through Local Committees. This will be evolutionary so while the Board identified functions for deeper community engagement at this time, the range of functions for community participation should increase over time.
2. Local decision-making does not stop at Local Committees – closer connections need to be made between Local Committees and the local communities they serve.
3. We can clarify the nature of Highland-wide decisions as those focusing on:
   a. strategy and policy (while enabling local flexibility for local solutions to reflect the diversity of the region),
   b. resource allocation to areas,
   c. professional support and advice and
   d. any area of business that cannot be decided locally because of scale or strategic importance.

8.3 The Board also recognised the risks to this approach that would need to be managed. These included:
1. Some communities are more able to be involved than others and this could lead to some being left behind. We need to guard against such uneven development. We also need to manage risks associated with changing community capacity; community engagement is dynamic and there are risks it can decrease as well as increase over time.

2. Local Committees would have responsibility for the resources allocated to them and accountable both to the Council and their local communities on how that resource is deployed. This means accepting

that different levels of service may develop in different areas given different local contexts, different local priorities and different local solutions. Assurance on decisions being made within policy and within budget, along with strong financial controls, would be needed. The Scheme of Delegation and Assurance Statements would be keys ways to manage this risk.

3. Member development is needed that clarifies roles and responsibilities of Members in different governance forums (e.g. Council, strategic committee, local committee, strategic and local partnerships).

4. The need to ensure that redesigned governance enables better pace in decision making.

8.4   This led to the Board developing governance proposals for the new Council to consider. They are:
1. Redesign the remit for Local Committees on the principle of subsidiarity (not devolving from the centre) <u>and</u> to support community participation
2. With more business decided locally we would need fewer strategic committees. Three strategic committees are proposed:
    a. A Committee for Services to People
    b. A Committee concerned with Place
    c. A Committee dealing with corporate affairs (e.g. resources and performance)
3. These Committees would be supported and informed by Policy Development Groups comprising members, officers and Trade Union representation.
4. These Committees would engage relevant partners as appropriate.
5. These Committees should demonstrate how communities have been or will be engaged.
6. A Scrutiny Committee will remain important, operating on a risk based approach and reviewing the assurance statements from Local Committees, escalating any concerns to Council.
7. At this time no change is proposed for Licensing or Planning Committees and the work of the Sub Committee for Adult Social Care should continue while the current partnership arrangements continue.
8. A change for the full Council would be to ensure engagement with police and fire services annually when plans are to be agreed (rather than quarterly through a separate committee), with scrutiny and other engagement carried out through the local committees (as currently done).
9. The establishment of a Commercial Board to develop the Council's commercial opportunities further.
10. The establishment of a successor to the Redesign Board to take

forward and develop the redesign programme.

11. Arrangements for decisions with Community Planning partners, strategically and locally, would become routine and normal business rather than separate and additional to Council business.

8.5 The Board recommends that the Council endorses this review of governance and for it to be presented in more detail to the new Council for consideration and agreement.

8.6 To support the governance proposals above, the Board recommends that the Chief Executive is tasked by the Council to develop proposals for the structure and management of Council operations. These need to reflect:

1. The shift to localism;
2. The need to support the streamlined governance above;
3. The redesign statement requirements around efficiency, commercialism, local listening, community action and freeing up staff to work innovatively and the need to target support to places and people requiring it most;
4. Affordable proposals within existing resources;
5. Recognising that aspects of some functions will need arrangements at different geographies (e.g. Highland-wide and local arrangements);
6. Engagement with Trade Unions.

The proposals should include the process and timescale for implementing the redesigned structure.

9. Next steps

9.1 While the Board will stand down in March there are several work streams to conclude and new work streams to take forward. These include:

- Implementing the review recommendations supported by the Board and agreed by the Council;
- Setting up the next phase of reviews. Notably this will include joint work to be taken forward and agreed with NHSH on adult social care;
- An evaluation of the review process involving those taking part in it to continually improve it;
- Completing the analysis of staff feedback from the last round of face to face briefings and their ideas gathered and potentially setting new challenges;
- Following up redesign budget savings agreed in the February budget;
- Working with the CPP to develop the Community Gateway idea;
- Engaging with partners further on redesign; and
- Support for the Chief Executive in developing governance and structure proposals.

9.2 To continue officer time to support redesign through to the end of June 2017 would cost £7,000 and to support the Commission on Highland Democracy up to £5,000. This is still within the resource agreed to support redesign and the Commission in 2016/17 of £150,000. By the end of March costs are expected

to be £107,000 arising from: staff time across three posts (£72,500); external support (£31,000) including external consultancy and speakers, Lean training accreditation and commercial training; and engagement with community bodies and staff (£3,400). It is recommended that officer time continues to be resourced for redesign through to the end of June 2017.

10.   Implications
10.1   Resource implications
There are a number of resource implications arising from the redesign process. The reviews undertaken have identified potential savings from redesigning functions and some have been agreed as savings for the budget in 2017/18. Others require implementation for future savings to be realised, including some business case development. The redesign process has not needed the full resource identified to support it in 2016/17 but carrying forward a further £7k for redesign and £5k for the Commission to see staff support continue to the end of June is recommended. Proposals for a redesigned structure to support the new model of decision-making are to be affordable and within existing resources. One area not yet covered through review activity is a review of the capital programme. While some reviews identified potential capital projects as spend to save opportunities, the capital programme overall will need to be reviewed to ensure it is affordable.

10.2   Legal implications
There are no immediate legal implications arising from this report. Redesign of governance and structure must be legally compliant and this will feature in the detail of any proposals for the new Council. It is worth noting that Government is interested in the Council's approach to localism and public participation and in the Community Gateway idea as part of its approach to a review of local government/governance.

10.3   Equalities implications
 Individual reviews were screened for equalities impacts and this is detailed in the individual reports. Issues associated with the capacity of different groups to engage in community and civic life have been raised in Board and CPP discussions on redesign. Risks will be identified and managed.

10.4   Climate Change/Carbon Clever implications: none are identified from the redesign recommendations at this time.

10.5   Risk implications
The recommendations from the Board set out a programme of change to redesign the Council. There are risks to that happening and those identified include: enabling capacity to implement the reviews concluded, including workload capacity and the duty of care to staff; the risks to shifting to more localised decision-making; and the risks associated with community capacity to engage. There is a risk that the recommendations are not agreed by the new Council.

10.6   Gaelic implications: none are identified for redesign.

10.7	Rural implications: the shift to more local decision-making, greater community participation and flexibility in implementing policy to suit local needs should enable more rural communities to have a say in Council services affecting them.

11. Recommendations

11.1 The Board recommends:

1. The redesign statement at Appendix 1 already agreed by the Council is presented to the new Council for approval and implementation;

2. The statement of purpose, values and outcomes already agreed by the Council is amended as highlighted at Appendix 2 and is presented to the new Council for approval.

3. That it is noted that the booklets listing all Council functions and their prioritisation agreed at the Council meeting in September 2016 are used for the induction of new Members after the May election, for identifying future areas for review and for informing the redesign of our governance and service structures to be considered by the new Council.

4. That the review recommendations listed in Appendix 3 are agreed by the Council to enable function redesign. It can be noted that as further review work is undertaken further recommendations would come to the new Council to consider.

5. That the Council endorses the approach to being more commercially minded as described in paragraphs 5.6 to 5.11 as a way of sustaining services and jobs across the region. It recommends to the new Council the creation of a Commercial Board as part of its governance arrangements.

6. That stopping or withdrawing services cannot be ruled out if they are discretionary and no longer affordable; however before considering this as an option and where the service is valued we should first do checks for efficiency, alternative ways of delivering the service, income potential to sustain it, reducing service levels and using the Audit Scotland framework for stopping services.

7. That the Council endorses the development of the Community Gateway idea through the Community Planning Partnership. This would provide a support or brokerage service to encourage further community action. It would be one way to support the attitudinal change sought and demonstrate the Council being more community-minded.

8. That the current elements of the redesign change programme for staff and Members detailed in paragraph 7.2 are endorsed and that the programme continues to develop with early attention to the support required for localism and public participation objectives and any structure changes.

9. That the Council endorses the proposals for governance as set out in paragraph 8.4, and recommends it to the new Council with the detail to be developed.

10. That the new Council sets up a successor to the Redesign Board to continue and develop the programme of redesign.
11. That the Chief Executive is tasked by the Council to develop proposals for the structure and management of Council operations, based on the criteria set out in paragraph 8.6. This should include the process and timescale for implementing the redesigned structure and be recommended to the new Council.
12. That officer time to support redesign is continued through to the end of June 2017 at a cost of £7,000 and to support the Commission on Highland Democracy of up to £5,000. This is within the budget set for 2016/17. This would enable the activities in paragraph 9.1 to be taken forward.

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Date 1.3.17

Statement of Redesign
(Agreed by the Council 15.12.16)

The Redesign Board agrees that a clear and compelling vision for redesign is needed to help communities, staff, members and partners understand what it means. The statement developed by the Board and agreed by the Council is set out below.

Highland is a unique, wonderfully diverse area bound together by its history, environment and culture. The Highland Council believe that our central priority is to sustain happy and resilient communities. We will champion and support our people to take shared responsibility for the wellbeing and development of the places in which they live and work. We want to build on a culture based on values, tolerance and community spirit.

The Council will offer leadership and collaborate effectively with partners in each place to provide good quality services designed to support local priorities. Where we provide services ourselves we will redesign structures and processes to improve efficiency, responsiveness, value and accessibility. The whole Council will work together to remove obstruction and delay from our processes, streamlining decision making and promoting opportunities.

Recognising the financial challenges facing the public sector the Council will become a more efficient and commercially aware organisation, recognising that income from high-value services, from fees and charges are an essential component of our future funding model.

Our Highland Council is changing. We will adapt to changing needs with less funding. We promise to:
- run business more efficiently, with new ways to remove waste in time and money
- run business more commercially, raising more income to support our public services
- listen locally, providing information to help people make affordable local choices about local services
- free up staff to work boldly and imaginatively with communities and other bodies to find new ways of running services locally
- help people to help each other, with new ways of supporting community groups and bodies
- take special care of people and places that need the most help to thrive.

**Proposed amendment to the statement of purpose, values and outcomes
(Agreed by Council 29.6.16)**
Amendment is **highlighted** below

The Highland Council's purpose is to improve outcomes for Highland communities, Highland citizens and the region as a whole. It leads, invests in and gives strategic direction for regional development.

We stand up for the Highland region. We represent its interests and the contribution the Highlands make at a national and international level.

The Council is the only public body in the Highlands that improves public services through democratic scrutiny by elected members. This includes a wide range of Council services and police and fire services. We seek to widen democratic rights so that more people can have a say in what matters to them and local community groups can be supported to do more for their local communities. This will bring people together in new ways to be honest about and openly discuss the funding challenges which face public services and to find local solutions together.

The Council must achieve best value for the public money it spends on services. This means being efficient, open and accountable for our own resources, and also challenging the arrangements for public services provided by other public agencies in the region. We will work with partner agencies to simplify and integrate public services in order to get better value for public money. Responsibilities and ways of working may change and we will adapt, putting the needs of people and communities before the needs of organisational and professional boundaries.

The Council has the interests of Highland citizens at the heart of everything we do. We do our best to respond to people's current needs and demands for service and we also work to prevent poorer outcomes for people and communities which can lead to higher costs arising in the future.

We intend to do more to support disadvantaged people and disadvantaged areas, so that economic growth in the Highlands is shared more evenly. We want more people to contribute to, as well as benefit from, economic success. This will mean changing how services are provided and resources are used.

The quality of our staff is a major asset to the Council. We must be a good employer, as well as one of the major employers in our region. We will encourage our staff to challenge positively and to be innovative, making the most of a 'can do' attitude, and their close connections with communities. We will support them through change.

Elected Members know when to set aside potential differences and work on a constructive basis to support the work of the Council **and its workforce** to deliver positive outcomes for the community as a whole. They share a strong public service ethos with staff and will foster good working relations with them.

Statement of Council values

We believe everyone can have new ideas for doing things better. We want to hear them, especially when they challenge us. We believe good ideas and good results come from people coming together with different views, being respectful and honest about what we can do together. We will make even more effort to hear voices that are not normally heard. We will have faith in staff to use their initiative and we will have faith in local communities to do more for themselves.

Challenging   Open to ideas   Participating   Empowering

Statement of Outcomes for the Council

Highland is an attractive place to do business, with key sectors supported and making the most of our outstanding natural resources. Our economic growth is shared across the region, with opportunities for everyone to contribute and benefit, making the most of the skills of our people and developing them.

The world class environment of Highland is protected, enhanced and enjoyed by residents and visitors.

Highland is an attractive place to live, work and learn, where people and communities can achieve their potential, supported and connected by good infrastructure, amenities and services. In growing up and growing older we enjoy a good quality of life, living in safe communities, taking care of each other and looking out for those who need more support.

Highland communities are better supported to do things for themselves, with opportunities for wider participation in local decision-making and community led services.

As a public body, we are resource efficient, work smarter using up to date technology and trying out new approaches. We are business-like, operating commercially in order to support public services. Our staff and Members are closely connected to their local communities and are supported in their commitment to public service. We work with other public services to ensure all our public resources are used effectively and to prevent poorer outcomes which result in higher costs in the future.

Board Recommendations to the Council arising from the significant reviews

1. <u>Additional Support for Learning Review</u>
   The Board seeks Council approval to pilot the localisation of the assessment of need and resource allocation to an Associated School Group (ASG) instead of the centralised model, with a pilot involving one ASG in each of the 4 management areas initially.

2. <u>Waste services review</u>
   a. The Board seeks Council approval for officers to progress the key strategic waste actions below.
      i. the identification and acquisition of waste transfer stations in the region (Lochaber and Aviemore initially and elsewhere if financial benefits), planning consents for them and consideration of in-house delivery in these areas;
      ii. the identification of capacity/facility in Inverness for the mechanical treatment of residual waste and refuse derived fuel and associated business case development to consider in-house or arms-length options;
      iii. finalising the business case for long term waste disposal in the region including whether and to what scale an energy from waste plant is appropriate.

   b. The Board seeks Council approval to recommend to the new Council the early establishment of a cross-party Member group to enable oversight and pace on these key actions above.

3. The Board seeks Council approval to procure route optimisation software to challenge cost and environmental impact of existing collection routes/frequencies. Costs are quantified at £70,000 and would be accommodated in the overall waste budget (as a spend-to-save measure).

4. The Board seeks Council approval to conduct an early review of collections in the inner Moray Firth area, with the objective of implementing a trial of new collections methods in consultation with local Members affected.

5. The Board seeks Council approval for officers to review the in-house/out-sourced options for the bulking up, sorting and storage of recyclate.

6. The Board seeks Council approval to develop an affordability approach to waste collection that sets out proposals for: reviewing charges to ensure provision is at least cost neutral for - new, replacement and additional bins, commercial collections and fly-tipping on private land; introducing an administration few for contract changes; reviewing charges for bulky uplifts and a new charge for garden waste and setting charges earlier and in time for each new financial year; analysing the net cost of routes for weekly

commercial collections to consider changes where these are not cost effective; and the option of reducing/withdrawing roadside litter bins. Recommendations would be brought to Members for consideration.

7. The Board seeks Council approval for members to take on a 'champion' role for recycling when speaking to school/local groups.

8. Transport review
The financial support for contracted and non-commercial services and community transport has been agreed with five year contracts and three year agreements respectively. The Board seeks Council approval to sustain these for these periods without further budget reductions to enable the review work recommended to be done. Review work may lead to renegotiation within these periods.

9. The Board seeks Council approval for a review of contracted ferries and concessionary fares to support any budget savings approved.

10. Street lighting review
The Board seeks Council approval to identify interested communities and consult with them on switching off lighting columns.

11. The Board seeks Council approval for officers to revise the specifications and guidance for developers on street lighting, with final guidance brought back to Members.

12. The Board seeks Council approval to develop a policy to recover commuted sums from developers for the maintenance of street lighting and energy costs (subject to legal and D&I advice).

13. Street cleansing review
The Board seeks Council approval for a new lobbying priority for the burden of litter picking from trunk roads to be transferred to the trunk road operator to free up Council staff time for other street cleaning.

14. Administration in Schools review
A dedicated project manager is appointed (from outwith the Care and Learning Service to ensure corporate linkages) for a minimum 6 month period to take forward the Administration in Schools project, with the project team to include the current schools support working group and a representative from ICT Services. The project manager and project team need to have a detailed grasp of school requirements. A full project plan and progress report is to be provided in August. It is anticipated that this can be done within existing resources.

The Benefits of a Programme of Peer Reviews with Member and Trade Union Involvement

1. **Making peer reviews normal business as a way of improving how we operate with options, cost and impact in mind.**

   Reviews to date have shown it is often possible to identify efficiencies, cost savings and improve outcomes. They have enabled challenge, innovation and openness to all options for service delivery. People need to be regularly congratulated for stepping up and for opening up in an ongoing review programme.

   Reviews can build on progress being made within a service, acknowledging where progress has already been made e.g. residential placements for looked after children, the transport programme, street light dimming trials.

   Peer reviews can support management/leadership development, particularly important to broaden experience and skills as we move to flatter management structures. There is scope to engage staff in CPP organisations to develop management/leadership development across public and third sector bodies by involving them in review teams and seeking a reciprocal arrangement to broaden staff experience.

   Nothing should be out of scope for review, but we should develop criteria for prioritising reviews (Member views, budget scale or cost increase, performance data, CRM data, QPRs, staff views) and with statutory functions just as likely to be reviewed as discretionary functions.

   Reviews have demonstrated and reinforced the values (challenge, open to ideas, participating and empowering). They can support culture change by identifying blockages e.g. children's services review 'There are some cultural, workload and administrative factors that may work against the objectives of preventing and reducing the duration of residential accommodation.'

   Reviews can identify where staff roles need to change e.g. revisiting roles and responsibilities. The Lean programme under development can support this too.

2. **Sustain Members engagement in a review programme**

   Members have decided the priority areas for review, the process to use and their pace. Elected Members have duties to set strategy and policy and to scrutinise performance. Given this remit, their involvement could be embedded in a redesigned Council by:

- Identifying the priority areas for review
- To challenge review findings and recommendations and share ideas for improvement
- To agree any policy and resource changes that may be identified from reviews – through appropriate governance
- To champion the change agreed among Members
- To champion the change agreed with the public / service users / community bodies
- To scrutinise implementation

Policy advice, implementation and operational management are roles for staff led by the Chief Executive who is supported by the Executive Leadership Team. Members do not have a role in carrying out reviews or implementing them; but the experience of their attachment to significant reviews has enabled them to broaden and deepen their understanding of the functions reviewed and to bring new perspectives to them. To retain these benefits Members could:

- Attend briefings, workshops and site visits with staff involved in reviews in advance of proposals being made. Members with particular interest could choose to be more informed about particular reviews in these ways.
- Shadow staff using the framework agreed.

3. Sustain engagement of Trade Unions in a review programme

The involvement of staff side representatives in individual reviews was welcomed by team leaders. The contribution Trade Union representatives have made to the Board has been productive, providing constructive challenge, credibility and influence. This partnership approach should be supported in an ongoing review programme.