

Subject:	Creating a Council the City Deserves... a transformation programme for Brighton & Hove City Council		
Date of Meeting:	22 April 2010		
Report of:	Chief Executive		
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Key Decision:	Yes	Forward Plan No: CAB15668	
Wards Affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 As set out in this paper the Council (and its Public Service Partners) face significant new challenges over the next few years. The impact of overhanging public sector debt, expectations of our customers and our citizens and a need to focus collective energies on the outcomes needed for the city as a whole provide but a few of the significant drivers for change. These challenges will require the Council (and ultimately its partners) to adopt new approaches focussing on effectiveness, efficiency, the customer and the citizen. As identified in the Chief Executive's "first 100 days" document the gap between our residents' perception of the city and their perception of the City Council is real and evidenced by the recent Place Survey. In short the transformation required is about ensuring the city has the Council it deserves.
- 1.2 There are 4 key elements to Creating a Council the City Deserves namely:-
- Strengthening how **effective** the council is at meeting needs with the resources it has (Intelligent Commissioning)
 - Ensuring the council is **efficient** in its use of resources (Value for Money)
 - Improving the **experience** of the council's customers and service users in their dealings with the Council and its suppliers, ensuring a stronger focus on the customer and the design of services around users.
 - Stronger **engagement** with citizens and communities in civic activity and providing real opportunities to co-design and co-produce solutions.
- 1.3 Sister reports on this Cabinet Agenda include updates on the efficiency strand (the Value for Money update) and work on the Customer Experience. Together with the work on strengthening engagement (to be overseen by the Council's Governance Committee) they comprise a wide reaching and essential programme for change.
- 1.4 For the citizens of the city this transformation agenda is about creating a Council that knows and understands the critical issues better, that is more agile in responding to needs, that is able to bring its resources and those of other partners together more cohesively to provide solutions and that is more open to

residents and communities to state preferences and be actively involved in providing the best solutions.

It will enable the difficult and cross cutting issues (such as domestic violence or the negative impact of drugs and alcohol) to be better and more effectively managed and ensure less duplication and gaps in services across the city. This is essential at a time when financial resources are likely to be reducing.

1.5 This paper seeks Cabinet authority to proceed with the transformation programme as a whole, introduces the concept of Intelligent Commissioning, outlines the further work required and a timetable towards implementation in autumn 2010. It seeks in principle Cabinet support to develop proposals for future Cabinet, Governance Committee and Council decision making.

1.6 This paper covers: -

- The key challenges faced by the City Council and opportunities presenting (Appendix 1)
- The proposed transformation approach
- Intelligent Commissioning (Appendix 2)
- The commissioning process
- A model for Brighton and Hove
- A Strategic Leadership Board, Commissioning Group, Support Units and Delivery Units
- The role of Elected Members and Partners
- Developing the approach further and implementation
- Programme Management and Milestones (Appendix 3)
- Further decision making and review

2. RECOMMENDATIONS

That Cabinet:-

2.1 Notes the significant challenges faced by the City Council and the opportunities arising.

2.2 Approves the approach to creating “a Council the City deserves” and the transformation programme and notes the requirement for further decisions as the proposals are developed in detail.

2.3 Approves in principle the approach of creating an “Intelligent Commissioning” approach for the City Council and authorises the Chief Executive to develop detailed proposals for consultation internally and report back to future Cabinet meetings (and Council and other Committees where appropriate) for decision making with a view to bringing in the requisite changes to structures and operational approaches by November 2010.

3. A Transformation Programme for Brighton & Hove City Council... Creating a Council the City Deserves.

3.1 In January the Chief Executive produced his reflections on his first 100 days at the City Council and gave an indication of the Council’s strengths and areas of development required to be the Council the City deserved. In particular the paper drew attention to the current position of public finance in the UK, the need for the City Council to build a stronger reputation, develop structures and capabilities to

be more agile in meeting need, ensure a consistent external focus on citizens and customers and build on its good track record of partnership working.

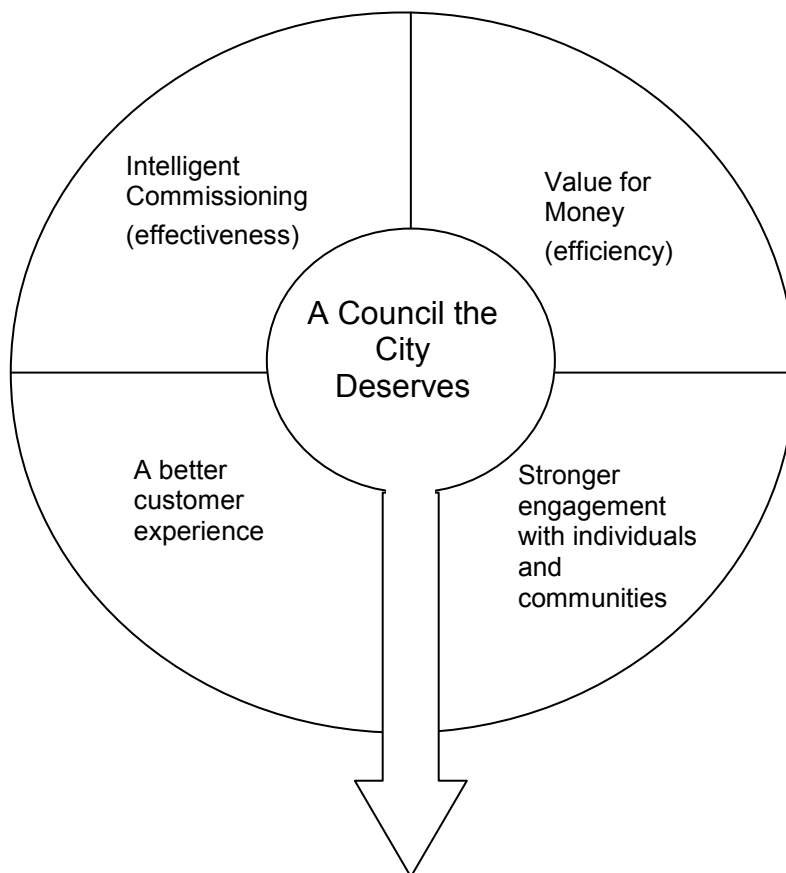
- 3.2 That paper identified the need for a new model of operation (potentially spanning Council and other public service partners) using the data and intelligence held across the city to innovatively make positive changes to lives of residents. The approach was to be based on identifying high level outcomes and ensuring the activities and resources of the City Council (and Partners) are carefully aligned behind them. Services or solutions would be commissioned using open commissioning approaches that focussed on delivering improvements for people and places; challenging current patterns, approaches and costs of service delivery; drawing on the best of the public, private and third sectors to shape the market and encourage innovation and deliver more responsive services through de-commissioning and re-commissioning. The paper recognised significant organisational change to our approaches, intelligence gathering, service delivery and structure would be required to bring this about. It noted that work would be needed over the next few months to develop proposals, consult upon them and bring to fruition a commissioning model that was right for Brighton & Hove.
- 3.3 Building on the approach set out in the Chief Executive's "100 Days" paper Appendix 1 contains a more detailed analysis of the key challenges and potential opportunities that the City Council (and its Partners) face at this important juncture. It also notes some of the strategic approaches being taken by other Local Authorities across the UK many of whom face similar challenges.
- 3.4 What is clear from Appendix 1 is that the significant challenges of restricted Public Finances, demographic change, high public expectation of services, a large number of jobs in the city being based in public services and the relatively poor perception of the Council amongst residents provide significant challenges that mean "business as usual" is not a viable medium-term option. There are however significant opportunities that present themselves. The City Council is well placed to create a new model for meeting needs and providing sustainable services, developing a different relationship between the Council (its Public Service Partners) and the individuals and communities it serves in achieving outcomes for the city. As set out below Intelligent Commissioning provides the best opportunity for the Council to face the strategic challenges and ensure the opportunities presented are grasped for the benefit of the city.

The Transformation Approach

- 3.5 As identified by the Chief Executive in the "100 days" document the creation of a Council the City deserves requires focussed attention to change in four areas namely: -
- Ensuring our reducing resources are focussed on key outcomes for the city, challenging our established approaches and using a range of information intelligence and capacity to find innovative new solutions
 - Ensuring that all services delivered or procured are the most efficient they can be and provide tangible value for the public resources used.
 - That service users / customers get the best possible customer experience and are treated as individuals, have choices where appropriate and a voice in how those services are delivered
 - That the Council has an improved relationship with individuals, residents and communities it serves, understanding their needs better, engaging with and

enabling communities to take ownership of issues and solutions at the local level

It fundamentally requires the city to think about the place, the people and communities in a more cohesive and focussed way.



Leading to: -

- Achieving stronger outcomes for the city
- Strong partnership between the city council, citizens, communities, the third sector, business and public sector partners
- Enhanced reputation of the city, local democratic activity, public services and the city council.

3.6 All four elements of the transformation approach are essential for the long term health and sustainability of the city and its public services. The approaches are complementary and designed to mutually support each other as part of an overall transformation programme. Over time the intention is that the four strands become part of “the way we do things here”, become embedded within the organisational DNA and are no longer seen as separate strands of activity.

3.7 The remainder of this paper focuses upon Intelligent Commissioning (and ensuring effectiveness). Two other papers on this Cabinet agenda consider the activity around value for money (efficiency) and creating a better customer experience. The Governance Committee on the 9 March agreed a paper setting out the proposals for how the Council reviews and strengthens the way it engages with individuals and communities to promote active citizens, community cohesion and stronger communities.

4. Intelligent Commissioning

- 4.1 **What is intelligent commissioning?** Intelligent Commissioning is essentially a mechanism which enables the long term and widest perspective for the city to be taken in balancing needs, priorities and resources. It connects top level outcomes in a more systematic way, for example the contribution which housing makes to educational attainment or planning policy to tackling antisocial or criminal behaviour is well and consistently understood.
- 4.2 Appendix 2 to this report contains a more detailed “social and economic” case for Intelligent Commissioning. It looks at a range of benefits that such an approach can deliver for the city.
- 4.3 Building on the concept of Strategic Commissioning, (probably most developed in the fields of health and social care commissioning), Intelligent Commissioning takes active account of the social & economic “big picture” issues and seeks to deliver broader societal benefits in meeting need and delivering services. The “intelligent” part of the process refers to a commissioning approach based on strong evidence and understanding of need, the joining up of activities behind the key outcomes or themes that matter most and harnessing the knowledge and experience of citizens, communities, staff and partners in the design production and delivery of services and solutions.
- 4.4 Some of the key elements of an Intelligent Commissioning system that builds upon the strengths and addresses the challenges for Brighton & Hove are:-
- Taking a strategic and long term perspective to the balancing of needs, priorities and resources against outcomes.
 - Adopting a whole system approach, linking strategic objectives to outcomes required from individual services and specific outputs from delivery arrangements (not just looking at service productivity but public value in the broadest sense, social return on investment being made and outcome results).
 - A strong evidence based for decision. Higher quality intelligence (to get a strong understanding of current and future needs and the impact of services on those needs) is widely shared between partners. The use of robust data and evaluation means that if demographic shifts occur or new needs are identified then services can be rapidly commissioned or de-commissioned in response.
 - A good understanding of available resources in the city (particularly from public services commissioners).
 - By splitting commissioning and delivering roles within the Council, ensuring that the interests of the citizen can be championed by those commissioning and the promotion of service improvement and customer experience is championed by those focussing on delivery. Once commissioners have strong evidence of need and clear outcomes they will select the best mechanism to meet those needs. This allows for innovative approaches to meeting need, delivering services and enables those delivering solutions to focus on quality and the best interests of the service user.

- A clear identification of ineffective services and interventions, with strong challenge and changing how delivery is undertaken when necessary.
- Service users and communities are actively involved in the design delivery of solutions.
- Clear commissioning standards deliver the benefits and all operating systems (including data management and ICT, budgets, workforce development, performance management, governance, procurement etc) are aligned to support the delivery of the identified outcomes.
- Performance management focuses on success in delivering those outcomes and moves away from some of the existing performance indicators that tend to measure output as proxy for outcomes.

4.5 There is a strong and mutually supportive relationship between Intelligent Commissioning and Value For Money (VFM). The Council's current VFM programme recognises that the Council has more to do on improving productivity and the efficient use of the resources at our disposal in delivering services and meeting needs. National research suggests that there is some risk in focussing exclusively on efficiency without the wider understanding of city needs that an Intelligent Commissioning approach can bring. "Efficiency only" models of change implemented elsewhere in the UK have led, albeit inadvertently, to:-

- Squeezing of some services to vulnerable residents and the neglect of social and environmental impacts.
- Potential damage to local economies and the cohesion of local communities.
- The polarisation of the third sector (with the survival of very large players at the expense of smaller organisations).
- The undermining of trust between commissioners and providers of service through unhealthy levels of competition and contestability.
- The inadvertent raising of transaction costs and increasing of bureaucracy through "hard" client-contractor splits.

The Council's new VFM approach (elsewhere on this agenda) has been designed to avoid these pitfalls and will actively complement the Intelligent Commissioning approach.

4.6 Intelligent Commissioning in Brighton & Hove would ensure that as our existing resource base reduces:-

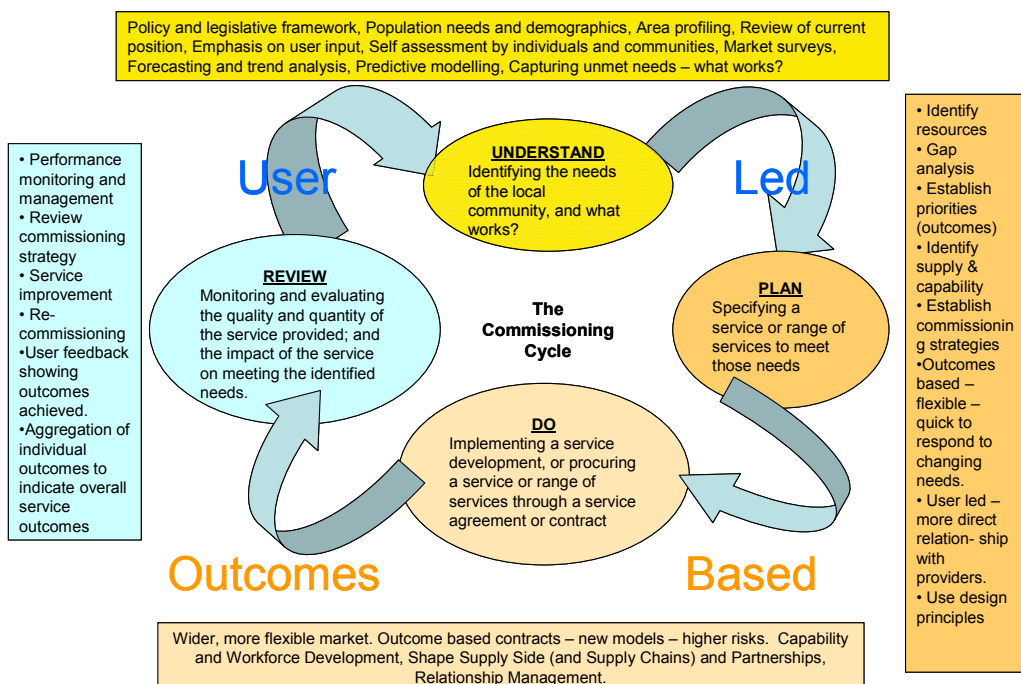
- Rather than "scaling up" in size for block procurements, shared services etc the city actively harnesses the efficiencies of the small scale. Packaging and delivering services in a way that promotes innovative delivery within the city has enormous value not just to the recipients of those services but in keeping money within the city, sustaining the benefits for example of the third sector, and reduces environmental impacts.
- Actively exploring the implementation of new models of service delivery including co-production and mutualism. In the design and delivery of services commissioners need to see communities as a fundamental resource to actively use in meeting need, bringing new "capabilities" to help deliver public services.

- The council develops a methodology to ensure that it understands and evaluates over the time the added social value (or social return on investment) from services commissioned.

Whilst there are many models used to do this, identifying one that works for the needs of Brighton & Hove and its residents will ensure that we balance the needs of the individual service user and the broader needs of the city as a whole in any given commissioning approach.

The Commissioning Process

- 4.7 In order to deliver the outcomes and achieve the benefits of Intelligent Commissioning a strong needs analysis is used as a basis for a “commissioning cycle” for any given theme, outcome or service. Cabinet will be familiar with commissioning cycles and the diagram below seeks in simple terms to show how they usually operate.



- 4.8 This diagram does not provide an exhaustive list of activities nor does it detail precisely how every given commission would operate. The development of a clear and consistent commissioning framework is essential to set visions and principals for the service and the commissioning process; ensure evaluation and user engagement is well undertaken; design innovation and ensure that the systems and functions across the organisation support outcomes.
- 4.9 Any individual commission would tend to take a medium-term view of a commissioning theme and would include for example strategic context, needs and aspirations, models of best practice drawn from elsewhere with approaches to innovation and design; a review of current service and its success at meeting outcomes; commissioning proposals; governance and accountability arrangements and any purchasing plan or market management arrangements etc.
- 4.10 Whilst potentially all outcomes for the city should be the subject of a commissioning process prioritisation will need to be undertaken and a recognition that there may well be some outcomes or services that are not subject to full

commissioning (e.g. safeguarding of children or adults) until the relevant Statutory Directors are satisfied that it is appropriate to do so.

It is proposed to run 2-3 “pilot commissions” across the summer to test the approach in Brighton and Hove, see what works well and what less so and ensure the learning becomes established in the approaches we take forward.

Creating a Model for Intelligent Commissioning in Brighton & Hove

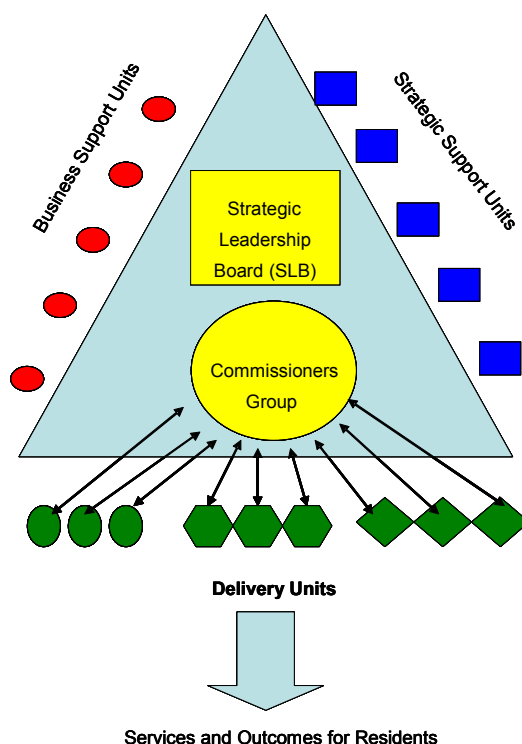
4.11 As identified above one of the defining principles and strengths of the Intelligent Commissioning model is the separation between the decision-making and delivering of service. This enables an effective and proactive commissioning side to:

- Focus on delivering improvements for people and places.
- Challenge current patterns, approaches and costs of service delivery.
- Encourage innovation in service delivery.
- Deliver more responsive services through de-commissioning and re-commissioning.
- Improve customer and client satisfaction with services.

4.12 Importantly the division frees the service delivery functions to focus on service, customer satisfaction, continuous improvement and efficiency.

4.13 Intelligent Commissioning at an organisational level is not about improving or extending general commissioning practice, it is making a fundamental whole system change that separates and transforms both decision-making and service delivery functions. It requires sizeable change in both structure and operating systems. It requires moving from existing structure of departments delivering particular types of services to a Council consisting of delivery units focussing on providing services to customers, support units providing corporate expertise and a Commissioning function to assess needs and identify the future shape of services and solutions.

4.14 The “triangle” drawing below sets out the high level structure required for an effective commissioning organisation: -



- 4.15 As set out in the Chief Executive's "100 days" document in structural terms therefore the system requires:-
- A Strategic Leadership Board (SLB) to provide overall management and leadership to the Council.
 - Delivery Units (DU's) to provide direct services across a range of activities commissioned by the Council.
 - Business Support Units (BSU's) (providing efficient business support functions such as HR, IT, Finance etc).
 - Strategic Service Units (SSU's) providing efficient and focussed core services to the Council corporately and commissioning process (e.g. performance management, communications, needs analysis etc).
 - Commissioners Group (CG) reporting to relevant Members and Strategic Directors. This group will undertake and oversee commissioning in particular outcome themed areas (or "scopes") and will support the SLB in taking broad outcomes and priorities and translating them into a range of internally and externally delivered services.

4.16 The required remodelling of the Council will be designed around a number of key principles:-

- Creating an organisational model that has a strong focus on Intelligent Commissioning of services to meet the needs of the city.
- Building a sustainable model that is capable of handling current and foreseeable future financial pressures.
- Driving greater co-ordination of services and eliminating any unnecessary duplication.
- To drive ownership of excellence and integrated customer service as close to the front line of the organisation as possible.
- To create a more standard management span and reduce the number of tiers of management. In so doing to create greater focus on key commissioning and delivery areas and make efficiency savings in structure and management costs.
- To enhance the scope for integration of joint working and commissioning with other public and third sector agencies.

Strategic Leadership Board

4.17 It is proposed that the Strategic Leadership Board (SLB) will be a Board of Strategic Directors responsible for the overall management of the Council, the setting and monitoring of direction, ensuring high performance against the outcomes for the city and for overall risk and reputation management. The precise composition and responsibilities of the SLB will need to be worked up in

detail over the next few weeks and presented to Cabinet for consideration at its May meeting.

- 4.18 It is important to recognise that the proposed new Strategic Director roles would be responsible for specific outcomes (delivered through Commissioners and Delivery Units) and thus the traditional Directorate structures would not remain. This will require careful development over the next few weeks. The ending of existing management chains will take place only when secure Delivery Unit arrangements are in place. The Commissioning model is different as regards reporting lines and schemes of delegation. In order to harness the benefits of the model it is proposed that the Strategic Directors will oversee the delivery of outcomes through commissioners and the agreements they have with Delivery Units (internal or external).

Delivery Units therefore would have greater autonomy and freedom to innovate in the way that they deliver outcomes for customers or service users. Delivery Units therefore would report formally to the Chief Executive (as Head of Paid Service) as the formal line manager. However, oversight of performance and delivery on a day to day basis would move to the Commissioners and they will ensure that the Delivery Unit is performing as it should be against the agreed contract. Should management intervention be required with Delivery Units this will be undertaken in the name of the Chief Executive as Head of Paid Service, by Commissioners and Strategic Directors (supported by HR).

Some Delivery Units will also have a reporting line directly to Statutory Directors (that is Director of Adult Services and Director of Children's Services) and here the conventional line management relationships will be retained, at least into the medium-term, to satisfy Regulators (in areas such as safeguarding) that satisfactory chains of management are in place.

It is important to recognise the significance of the Statutory Director roles (i.e. those roles that the council is required by law to appoint to). One of the new Strategic Director roles is highly likely to incorporate the Statutory Director of Children's Services or Statutory Director of Adult Services, with the other statutory post reporting directly to them. The statutory Section 151 Officer is a role likely to be held either by a Strategic Director post or Head of Finance Support Unit. The Monitoring Officer is likely to be held by one of the Strategic Director posts or Head of the Legal Services Support Unit. It is not the intention to weaken the role of Statutory Officers or the strong corporate governance of the council and its operations. Indeed by bringing the SLB together to focus on top level outcomes corporate governance is enhanced.

The proposed approach provides for a flatter structure than at present and the opportunity to reduce tiers of management. It is proposed that the SLB will take ownership of key outcomes, essential partnership and other relationships and strategic resource allocation. Overall corporate governance will be strengthened by the creation of a Corporate Management Team (CMT) consisting of Heads of Delivery Units and Support Units who will ensure that the overall system works well and that the key operational, performance, budgetary etc management issues are managed effectively.

- 4.19 The proposed creation of a new SLB is a radical approach designed to increase the potential for aligning services behind city wide outcomes, reduce service fragmentation, duplication and competition and improve accountability to service

users and citizens. It sends an important message to the city that the council is serious about the focus on place, people and community and is looking outwards at needs and outcomes and how best they should be met.

Commissioning Group

- 4.20 The new Commissioning group will underpin the SLB taking their vision and translating it into a range of internally and externally delivered services using specialist expertise from across the Council and the city. The new Commissioning Group (CG) will:-
- Support Members and the SLB in setting strategic vision for the city.
 - Support Cabinet Member oversight of procurement processes.
 - Ensure high quality and innovative solutions are consistently provided to meeting needs.
 - Work with Delivery Units and other partners to establish delivery agreements around associated key performance indicators (KPIs).
 - Monitor performance against KPIs and intervene where indicators head off target.
 - Challenge patterns, approaches and costs of current delivery.
 - Draw on the best expertise inside and outside the city to create innovative solutions to identified needs.
 - Provide incentives for delivery units to respond to user needs, customer demands and increase public satisfaction with local services.
- 4.21 It is important that Commissioners have good professional understanding of the relevant areas they are commissioning in. At least initially parts of this team will link to specific SLB Members and their outcomes and “commissioning scopes” but over time will develop strong generic commissioning skills across all areas of activity. The Commissioning Group will have oversight of all services for which the Council has responsibility, and could ultimately have an agreed commissioning role for services currently the responsibility of some partners. Along with other elements of the model (and with the express agreement of other public sector partners) the CG could in time be developed into a joint public services commissioning unit across the city.
- 4.22 Over the next few weeks the exact design of the Commissioning Group will need to be carefully considered and discussed with staff and trade unions. The size and design of the unit will need to match outcomes required and the demands of achieving them. Based on learning from other Authorities it is important that the unit is large enough to carry out its work effectively but not so large or established in such a way that it creates “silo commissioning”. Work will be required on the agreements that the Commissioning Group has with Delivery Units, which form the basis of outcome delivery. To be successful the agreements will need to act as both transformation plans and service level agreements. Budgets allocated to outcomes at the start of the commissioning cycle will be clearly distributed to Delivery Units through these delivery agreements.
- 4.23 The delivery agreements will also contain delivery criteria, based around key performance indicators that give a clear picture of where delivery is succeeding or failing. Where these delivery agreements appear to be going off target the CG will take responsibility with the relevant Strategic Director for creating a recovery plan showing how the delivery can be brought back on track. If delivery continues

to fall short, wider measures such as management intervention to the Delivery Unit or re-commissioning will be considered.

- 4.24 In any given commissioning activity the Commissioning Group will not enter the process with a pre-determined view of whether to commission a service to meet a need (it may be for example that outcomes can be achieved through behavioural change brought about by another route) or who to commission delivery from. The best solution to meet the outcome in question will emerge via the commissioning process.
- 4.25 The City Council has commenced work on creating Outcome Chains that draw from top level community strategy outcomes to aims, objectives and the resources being applied to their delivery. These outcome chains will help identify priorities for commissioning, opportunities for challenge and re-commissioning and to create better delivery against the key cross-cutting issues facing the city.

Support Units

- 4.26 The “triangle” diagram shows both Strategic Support Units (SSU’s) and Business Support Units (BSU’s) responsible to the SLB providing functional expertise required to both support the Council as a corporate entity and ensure the effectiveness of its Intelligent Commissioning function. These Teams will provide generic support functions across the Council (e.g. HR, IT, Finance etc) and support a more consistent and connected approach to corporate issues.
- 4.27 These Teams will also be modelled over the next few months. Strategic Support Units (supporting leadership, strategic and commissioning function) will connect primarily to SLB and Commissioners. Business Support Unit’s primary focus will be on supporting the Council’s service delivery functions. They will also provide strategic expertise on a range of issues and commissions.
- 4.28 Both types of support units will be required to meet improvement criteria including:-
- Improved efficiency.
 - Less institutional focus and more user focus
 - Improving capacity to make best use of professional specialisms.
 - Flexibility and acquisition of appropriate skill sets to support the Intelligent Commissioning approach and a mixed economy of delivery.
- 4.29 It is anticipated that over time and in harmony with the approach taken to Delivery Units, all Support Units will undergo business reviews to establish service delivery standards, identify opportunities for increased collaboration and partnership working, consider the potential for shared service development (within the city, sub-regionally or regionally) and consider the potential for competitive commissioning from other providers.

The Delivery Units

- 4.30 As set out above, the proposed Intelligent Commissioning model does not include departments or the delivery of departmental services. Instead a range of Delivery Units (DUs) provide a direct service to the Council’s customers, residents, visitors and businesses. The Delivery Units differ from existing departments as they will not their own targets or objectives but instead focus on

delivering against the outcome targets set by the Strategic Leadership Board and the Commissioners.

- 4.31 It is proposed that in-house Delivery Units will operate as separate business units and have more autonomy over how they operate. Rather than report to a Director in a Directorate structure as at present, a Head of Delivery Unit will have nominal line management relationship from the Chief Executive. As a result, frontline staff will be more empowered and the unit as a whole have greater incentive to improve services, the customer experience and maximise efficiency. The delivery agreements between the Commissioners and Delivery Units (whilst being careful to avoid “playing shops”) will need to incentivise entrepreneurial and entrepreneurial approaches and the appropriate management of risk whilst ensuring outcomes are achieved. Real opportunities exist for Delivery Units to innovate and explore ways of meeting customer satisfaction and agreed outcomes in different ways always remaining consistent with any statutory requirements or obligations. Delivery Units will need to be large enough to be operationally viable but not so large that they lose their agility to respond to need.

As stated above at the time of transition Delivery Units will either: -

- Have and retain direct line management from a statutory Director (likely to be some Adults and Children’s services)
 - Start as free standing Delivery Units with formal reporting line to the Chief Executive
- 4.32 Work will be needed internally to determine the number and shape of Delivery Units and to produce design and operational principles that ensure, once established, the Delivery Units can flourish into the future. Whilst this will be subject to a formal consultation process, it is likely that there will be a proposal for approximately 12 Delivery Units.

The Role of Elected Members

- 4.33 Members with their democratic mandate are key decision makers and “commission the commissioners”. The focus of Member’s roles is therefore on setting strategic and political priorities, allocating resources via budget setting and overseeing outcome delivery in meeting the needs of the city and its residents. The SLB support Members by ensuring accurate and high quality needs analysis and strong levels of community engagement are available to support Members in decision making, resource allocation and management of performance.
- 4.34 The Intelligent Commissioning Model does not change the current political decision making arrangements but it may be helpful to translate them into the new model. Whilst this requires further work, in principle the model can be summarised as follows:-
- Full Council remains responsible for setting policy framework by approving significant plans etc and setting budget framework.
 - The Leader and Cabinet remain responsible for the strategic direction, setting and delivery of outcomes and the associated allocation of funding within the budget framework set by Council.

- Through the Cabinet, Committee and Scrutiny arrangements Members take responsibility for monitoring progress against Council outcomes and ensuring the needs of residents are met.
- Overview & Scrutiny and the various Committees (Planning, Licensing, Audit, Governance etc) continue to operate as before.

4.35 Members would have involvement during the commissioning process at a number of points – in the setting of the framework for needs identification, service user engagement, service specification implementation of solution.

The role of partners

4.36 In the model the city's Local Strategic Partnership (LSP) and Public Service Board (PSB) and the family of underlying partnerships play a significant role as they are well placed to:-

- Support work on identifying city priorities including pooling intelligence, undertaking joint needs analysis and supporting stronger community engagement.
- Support the development of effective Intelligent Commissioning on any given theme and ensuring the appropriate community and partner representation.
- Support innovation in the development of "whole system" approaches where partners come together to reduce duplication, address service gaps and collaboratively meet need.
- Support the development of a high quality service provider "market" in the city.

4.37 It is important to note that once the necessary arrangements within the city Council are in place the Intelligent Commissioning model could be developed to establish arrangements for more effective public service delivery across the city. Other public bodies have expressed their wish to participate in the development of the model; Stronger joint commissioning across the public sector will be an important part of ensuring better use of resources at a time of tighter budgets.

5. Intelligent Commissioning... Developing Approaches and Implementation.

5.1 What is clear from the issues set out above is that developing an Intelligent Commissioning approach will require significant change to the City Council's organisation, ways of operating, external relationships and roles for individuals. Such a change needs to be well designed, communicated, programme managed and draw on the "best of the existing" knowledge and experience of those already commissioning in the city (and elsewhere in the UK).

5.2 If approved in principle by Cabinet the Chief Executive's preferred approach is to design, consult upon and put in place the necessary structural building blocks for an Intelligent Commissioning approach to be operational in November 2010, building its capacity until June 2011 when the approach will be fully operational. Detailed project and programme planning is currently underway and 4 workstreams in particular have been identified. Whilst each workstream would need to develop detailed project plans they would focus upon:-

1. Commissioning Infrastructure, Strategies and Framework
2. Outcomes, Needs and Performance
3. Partnership Development
4. Change Management (structures, capacity and communications)

Programme Management

- 5.3 Appendix 3 sets out the top level milestones that would need to be achieved, against dates, to meet the proposed timescales.

Development of an intelligent commissioning system is a significant programme of change activity and would be developed using careful project management methodology and ensuring strong links to the 3 other streams of work in the “A Council the City Deserves” transformation programme. So far these proposals have been developed using internal resources (with some support provided from iMPower on the connectivity with VFM work) and the intention is to encourage widespread involvement of internal staff in the design and implementation of the systems to build capacity, and reduce any potential consultancy costs. Going forward there may be specific areas of expertise required from external support.

6. The Decision Making Process

- 6.1 If approved in principle by Cabinet, in order to put in place the requisite structural changes by November of this year, a range of Member involvement, review and decision making is required. In addition, the proposals will be subject to detailed consultation according to statutory employment obligations and the Council’s framework for managing organisational change. Detailed project planning is not yet complete but it is anticipated that this will include:-

- Further **Cabinet** reports on 27 May, 17 June, 16 September to update on progress and seek any further Executive authority to proceed, subject to consultation
- **Overview & Scrutiny Commission** (if requested by OSC) detailed presentation, review and scrutiny of proposals on the 8 June and/or 20 July.
- **Full Council** on the 15 July to consider any required changes to the any core documents of the constitution (at this stage relatively little constitutional change is envisaged).
- **Governance Committee** 13 July to provide more detailed updates and seek any requisite HR/structural change authority.
- **Political groups** may find it useful to have regular briefings at their Group meetings and the Chief Executive and other Officers are very willing to attend Group meetings if requested to update on progress, answer detailed questions and take views or soundings from individual Groups. Such forums can make for a wider and richer conversation than more formal cross party settings.
- **Partner organisations** have already been briefed on the outline proposals set out in the Chief Executive’s “100 days” paper and will continue to be updated via the Public Service Board and other partnerships.

7. CONCLUSION

- 7.1 The Transformation Programme set out here and in the sister papers on the agenda is radical in terms of outcome and approach. It is a careful and necessary response to the challenges the City Council faces and to ensuring the long-term health of the city and the ability of the City Council to meet the most important needs of residents, business and visitors.

The proposals set out are high-level. If agreed by Cabinet there will be detailed planning work needed to develop a model that works for Brighton and Hove and to become a "Council the City Deserves."

8. CONSULTATION

- 8.1 The top-level proposals for the Transformation Programme and Intelligent Commissioning approach were set out in the Chief Executive's "100 days" paper widely distributed in January 2010. The paper received debate and comment from elected members, staff, partners and in the local media and was broadly acknowledged as an appropriate response to the challenges the Council and the city face.
- 8.2 The Chief Executive has provided specific briefings to the political groups and it will be important to ensure that all key stakeholders are actively involved as proposal are further worked up.
- 8.3 The council's primary recognised Trade Unions have been consulted on the outline approach. Formal consultation processes will however be required once more detailed proposals for any staffing changes are determined.
- 8.4 The District Auditor has been provided with a draft of this Cabinet paper in advance and relevant comments that she has will be reported to Members verbally

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 Along with all other public sector organisations the council is facing significant reductions in its resource base over the coming years as a result of the government needing to address the serious levels of current and future public sector debt. Cabinet will be aware that the council currently receives about 62% of its funding through government grants, but the level of government support for local authorities in 2011/12 will not become clear until the end of November or beginning of December 2010. However, current projections in the medium term financial strategy presented to Budget Council in February showed the council potentially having to find over £17m savings next year and approximately £45m over 3 years.

The transformation programme set out in this report can deliver savings in 2 ways:

- A revised structure for the organisation which could cost less than the existing directorate structure. The scale of the reduction will be determined when the

detailed structures for commissioning and the delivery and support service units are worked up over the next few months.

- Intelligent commissioning can deliver savings by removing duplication and inefficient management of existing services, providing greater efficiencies through closer partnership working with a much wider range of partners across the city, targeting resources to new and existing services that can deliver more effective outcomes and decommissioning inefficient and ineffective services.

Some of the savings derived from the new structure may be available for inclusion in the 2011/12 budget but any savings from commissioning are very unlikely to be developed in time for next year and will therefore feed into the budgets for 2012/13 and beyond. The 2011/12 budget proposals will therefore have to be developed using current mechanisms drawing on the value for money work and existing savings programmes. A budget update report setting out the proposed process for 2011/12 will be prepared for Cabinet in July. New mechanisms will need to be developed for future years for example to link the commissioning cycle into the budget process, allocate existing and pooled budgets within the new structure and conclude agreements with partners over the split of jointly generated savings.

The transformation programme will generate some short-term costs to cover the development and implementation phases, for example additional recruitment and severance costs, additional capacity to undertake research and innovation work, the work needed to pull together budget information across partners within the city and to re-align the existing council budget within the new structure. The council has a reserve to enable the costs of early retirements and severance to be spread over a period of up to 5 years and the level of this reserve will be reviewed for sufficiency as part of the 2009/10 closedown of accounts.

The 2010/11 agreed budget includes £0.25m to help support the delivery of savings generally and particularly through the value for money programme, of which £0.15m is in the base and therefore available every year. It is not known at this stage whether these resources will be sufficient for all the different work-streams therefore the level of available one-off resources will also be reviewed as part of the closedown process with any new proposals subject to Cabinet approval in June.

This is the first of a series of reports and future reports will contain much more detailed financial implications including proposals for possible changes to future budget processes and the level of savings expected to be delivered from the new structure.

Finance Officer Consulted: Patrick Rice

Date: 09/04/10

Legal Implications:

- 9.2 The proposals in this report are within the Council's powers and will contribute to the fulfilment of the Council's legal duties to arrange for the discharge of its functions having regard to the need to achieve efficiency and effectiveness.

The implementation of the proposals will require a review of the scheme of delegations to officers and the Officer Employment Procedure Rules to reflect the new arrangements. As the functions affected by the proposals cover both

Council and Cabinet functions, formal approval will be needed from Cabinet and Full Council once the details of the proposals are formulated.

None of the proposals affect the existing arrangements or structures for Cabinet, Cabinet Member Meetings or Committees. They affect only the officer arrangements and, as now, all commissioning or service delivery issues that require Member input will be brought before the relevant Member decision-making body.

When the detailed proposals are worked out, care will need to be taken to ensure that there are robust arrangements to ensure the proper discharge of the functions of the Statutory Directors of Children's Services and Adult Social Services as set out in legislation and statutory guidance. This is particularly important in the areas of safeguarding of vulnerable children and adults.

It is important that those affected by the proposals in this report are consulted and their views taken into account before any decisions are implemented.

A fully operational commissioning model will involve a significant amount of commissioning, decommissioning and recommissioning. It is therefore expected that there will be a corresponding increase in the need for legal and procurement advice.

Lawyer Consulted: Abraham Ghebre-Ghiorghis Date: 06/04/10

Equalities Implications:

- 9.3 As detailed in Appendix 1 the use of an Intelligent Commissioning approach is designed to actively address inequality not just by focussing resources on better understood needs and outcomes but by ensuring that in adding social value (and an emphasis on strengthening communities) a focus on people and place, "commissioning local" and the active promotion of the city's third sector, tackling inequality is at the heart of the proposed new approach.
- 9.4 The previous periods of public service financial restraint (such as the forthcoming financial squeeze across public service partners) have impacted disproportionately across communities. At times those with the greatest needs have lost out relative to others. The active promotion of individuals and communities in the commissioning process and civic life more generally is designed to strengthen outcomes for and empower some of the city's most disadvantaged residents.

Sustainability Implications:

- 9.5 The overall transformation approach is designed to ensure focus on the various key elements that will sustain the city and City Council over the medium-term. The approach to Intelligent Commissioning, with its wider sense in achieving broader social value strengthens and sustains active communities, can promote and sustain local economies and actively further environmental sustainability ambitions across the city.

Crime & Disorder Implications:

- 9.6 None specific to this report but with many cross cutting outcome themes the opportunity to commission broadly and will make for a greater shared focus on

making the city a place where people are safe and feel secure across all commissioned activities.

Risk & Opportunity Management Implications:

- 9.7 Given the challenges faced by the City Council the most significant risks to the long-term health of the city and its residents would be to continue “business as usual”.
- 9.8 The proposals set out above for Creating a Council the City Deserves and Intelligent Commissioning are radical, wide ranging and therefore subject to a number of risks as with any large scale of change programme.
- 9.9 There are a number of “change” risks including ongoing provision of services to customers and the Council’s finance and reputation during any transformation of this scale. This may especially be the case in those areas of the organisation where “business as usual” includes external inspections and assessments or an increase in service demand caused by the current economic climate and any consequential budget pressures. The major risks are likely to be in the areas of performance, customer satisfaction, financial management and staffing capacity.
- 9.10 Detailed project management will include a comprehensive risk log to identify and manage risks in accordance with best risk management practice. Developing an approach that phases changes and levers and develops as the system grows will help to ensure that “emerging risks” are also well understood and managed.

Corporate / Citywide Implications:

- 9.11 These are covered in detail in the body of the Report. The rationale for the transformation approach proposed is to ensure that all Council activity has a more significant impact on city wide outcomes for residents.

10. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 10.1 Alternative approaches to challenges currently faced by Local Authorities in the UK are set out in the body of the report as is the potential of a “do nothing” option. The focus upon effectiveness, efficiency, customers and citizens in one programme (rather than separate workstreams) is favoured to ensure strong corporate focus on an effective change programme.

SUPPORTING DOCUMENTATION

Appendices:

1. Key Challenges and Opportunities facing the City Council
2. Intelligent Commissioning (A Social and Economic Case)
3. Milestones and Deliverables

Documents In Members' Rooms

None

Background Documents

1. The proposals set out in this paper have been drawn together based on a considerable amount of local, national and international research, experiences in Brighton and Hove and other local authorities