

# The Future of Local Government in Somerset - Data Collection & Modelling Report

February 2019

Authors: James Stainer, Hilary Gardiner

The logo for 'ignite' features the word in a lowercase, sans-serif font. The 'i' is blue, and the 'gnite' is grey.The logo for 'collaborate' features a large, purple, stylized letter 'C' above the word 'collaborate' in a lowercase, sans-serif font.The logo for 'PIXEL FINANCIAL MANAGEMENT' features the word 'PIXEL' in a bold, orange, sans-serif font with a pixelated texture. Below it, the words 'FINANCIAL MANAGEMENT' are written in a smaller, orange, sans-serif font.The logo for 'DE MONTFORT UNIVERSITY LEICESTER' features a stylized red lion rampant on the left. To its right, the words 'DE MONTFORT UNIVERSITY' are stacked above 'LEICESTER' in a bold, black, sans-serif font.

## Table of Contents

<b>1. Data collection and modelling work package</b> .....	<b>4</b>
1.1. Approach .....	5
1.2. Weighted opportunities .....	10
1.3. Opportunity analysis .....	12
1.4. Data request .....	30
<b>2. Data collection and modelling next steps</b> .....	<b>31</b>
<b>3. Appendices</b> .....	<b>37</b>
3.1. Opportunity types .....	37
3.2. Activity types .....	43
3.3. Data tracker.....	46
3.4. Data request guidance .....	47
3.5. Example asset classifications.....	53

### Disclaimer

Information in this report should not be provided to any third party without Ignite's prior written consent.

Any use third parties may choose to make of this report is entirely at their own risk and Ignite and their partners shall have no responsibility in relation to any such use.

This report does not express any form of assurance and does not constitute any legal opinion or advice.

## Table of Figures

Figure 1: Summary of financial modelling across proposed options .....	4
Figure 2: Summary of current activity across the authorities, adjusted for significant existing staff savings plans (particularly savings plans at SCC and large-scale transformation programmes at TDBC/WSC/SSDC).....	6
Figure 3: Activity analysis output demonstrating transformation baseline savings (with total savings allocated per authority) .....	8
Figure 4: Integration opportunities.....	9
Figure 5: Likelihood percentages (reference points) attached to opportunities for each option ..	10
Figure 6: Summary of weighted opportunities associated with the scope of each option, broken down by opportunity.....	11
Figure 7: Explanation of RAG ratings.....	12
Figure 8: Supplier spend analysis across all authorities excluding South Somerset (for which no supplier payments were available) .....	23
Figure 9: Releasing benefit from the asset base .....	28
Figure 10: Assets over £2M in value with calculated net yield based on income and expenditure provided. Asset values for Somerset County Council assets are unknown and West Somerset Council have no assets exceeding £2M.....	29
Figure 11: Selected subjectives of interest from the supplier payments analysis with average annual expenditure based on 17/18 and 18/19 supplier payments data .....	33

## 1. Data collection and modelling work package

A set of options were iterated and developed through engagement with key stakeholders. Those options dividing Somerset into more than one unitary council were discounted following advice from MCLG that authorities with prospective populations under 300,000 would not be considered.

A total opportunity of up to £47.5M potential saving was identified based on total transformation and integration across Somerset (see section 1.1.3). Scaling based on population and budgets suggests that this could rise to £93M in options including North Somerset and BANES. In practice there may be a choice about whether to realise cashable savings, offset against growth assumptions in the MTFs, invest in enablers or demand management - or a hybrid of these.

These figures are the sum of all opportunities, none of the options achieve the full opportunity as there will be trade-offs e.g. between voice, place and stewardship. The proportion of the opportunity that might be achieved for each option is based on a weighting (see section 1.2). There is also an indicative range for each option (see section 1.2.2).

Bucket	Option	Description	Weighted saving (range)	% of sum net revenue expenditure
Category 1 As Is	As Is	Continuation of current arrangements including on-going improvement and savings initiatives	As per existing individual plans	
Category 2 Transformation	Get fit + sharing	Each council maximises individual efficiency through aligned transformation, followed by increasing degrees of sharing / collaboration: Strategy .....plus Internal support..... plus Customer / Community / Partnerships	£10M-£32M	2.5%-8%
Category 3 New councils	3a. One new council	One new council for Somerset (excluding BANES & North Somerset).	£35M-47M	9%-11%
	3b. Extended two new councils	Two new councils for Somerset including BANES & North Somerset. N/S split. A new council for Somerset and a new council for BANES/ North Somerset	£57M-80M	9%-12%
	3c. Extended two new councils	Two new councils for Somerset including BANES and North Somerset. E/W split. A new council for North Somerset, Sedgemoor and Somerset West and Taunton. A new council for BANES, Mendip and South Somerset.	£57M-80M	9%-12%
	3d. Extended three new councils	Three new councils for Somerset (including BANES & North Somerset): BANES and Mendip. Somerset West and Taunton and South Somerset. North Somerset and Sedgemoor.	£45M-67M	7%-10%
Category 4 A new way of working	A new way of working	Running services at the right scale with corresponding governance in Somerset.	£36M-£48M	9-12%

Figure 1: Summary of financial modelling across proposed options

## 1.1. Approach

The underlying approach to data collection and modelling in this initial piece of work is that target operating model opportunities exist that derive both financial and non-financial benefits. The future of local government in Somerset should be driven in part by the ability to deliver on these opportunities through a future organisational approach. Other important drivers are voice, place and stewardship.

### 1.1.1. Opportunity drivers

The way forward in Somerset relies on improvement in the following areas to address the current issues:

- Creating a sustainable cost base
  - Full digital enablement (customer self-serve, technology and process efficiency across the system)
  - Increased economy of scale and specialisation for services and expenditure optimally run at scale
- Managing demand
  - An agreed strategy to managing demand across the wider system, and underpinning data and analytics
  - Multi-disciplinary locality or community-based working to best enable upstream work that reduces demand for services further downstream (applications, assessments, enforcement, delivery of services internally or commissioned)
- Commercialisation
  - Building on resources and expertise in Somerset to unlock bigger opportunities e.g. across delivery of high-volume place-based services building on the Somerset Waste Partnership
- A single set of strategies and strategic outcomes
  - Priorities that channel expenditure and investment and provide an opportunity to disinvest from lower priority areas

### 1.1.2. Staff expenditure transformation approach

Staff organisation and budgets (2018/19) were analysed to establish the range and spread of activity across the councils. All roles in each council have been mapped to a common classification, identifying the likely activity and level of cost involved. The output describes the cost to deliver services to customers across all authorities and is shown in Figure 2 below. A total of 4128FTEs were identified as being in scope at a fully loaded cost of £144M across the Somerset authorities, rising to an **estimated** 7242FTEs and £260M including BANES and North Somerset (BANES establishment costs estimated from FTE figures provided).

These figures will be refreshed for 2019/20 and further tested and validated during any next stage of more detailed work. This will include gathering details of how FTE costs are funded, particularly if ringfenced, to ensure any proposed transformation maximises revenue savings. External grants and staffing charged to capital/HRA budgets will need to be analysed.

Activity type	As Is													
	Sedgemoor District Council		Mendip District Council		Somerset County Council		Bath and North East Somerset Council		North Somerset Council		South Somerset District Council		Taunton Deane & West Somerset	
	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost
Leadership, management & supervision	21.4	£1,442,932	9.5	£664,834	175.5	£6,931,335	118.8	£6,671,149	76.2	£5,063,656	11.4	£579,363	25.4	£1,148,898
Strategy & policy	8.6	£488,622	7.5	£383,960	30.4	£1,548,925	19.2	£1,099,026	12.3	£834,203	15.9	£775,456	41.2	£1,825,597
Corporate performance management	4.4	£207,811	4.2	£185,893	40.2	£1,476,299	20.3	£717,889	13.0	£544,905				
Commissioning, clienting & contract management	1.2	£62,452	3.4	£147,787	11.4	£398,293	17.2	£718,408	11.0	£545,299				
Corporate governance & compliance	2.0	£110,710	0.8	£41,810	65.7	£2,679,336	21.5	£1,100,830	13.8	£835,571	1.2	£52,794	0.8	£49,155
Strategic/corporate programme delivery	2.4	£98,021	2.1	£121,984	103.3	£4,810,236	44.9	£1,796,709	28.8	£1,363,770	3.3	£153,188	6.5	£417,397
Communications, marketing & engagement	3.7	£147,325	3.0	£106,691	19.4	£786,274	16.0	£545,314	10.3	£413,914	2.3	£75,183	3.0	£111,915
Democratic support & elections	3.0	£129,028	3.8	£147,638	8.3	£319,672	9.0	£340,907	5.8	£258,762	6.2	£221,278	9.9	£319,853
Community/customer enabling	1.5	£56,474	2.3	£79,669	8.2	£367,799	38.2	£1,361,443	24.5	£1,033,387	12.4	£473,232	10.5	£339,120
Triage	22.6	£683,727	10.7	£338,542	119.1	£3,573,604	118.0	£3,165,573	75.7	£2,402,790	27.7	£716,221	39.4	£1,253,104
Mobile/locality working	8.2	£275,405	11.4	£396,125	58.4	£2,139,041	51.4	£1,630,042	33.0	£1,237,264	10.5	£317,731	17.8	£566,557
Service processing (rule-based cases and accounts)	42.0	£1,252,877	35.7	£1,145,945	436.1	£13,018,069	470.0	£12,842,581	301.5	£9,748,008	45.3	£1,252,226	77.1	£2,192,140
Specialist	32.0	£1,302,847	23.7	£1,053,531	954.1	£36,185,872	466.8	£19,405,190	299.5	£14,729,277	46.8	£1,783,466	56.8	£2,042,568
Internal triage	5.2	£163,860	3.3	£88,670	22.9	£753,454	23.3	£558,671	15.0	£424,053	4.2	£121,887	8.2	£259,954
Internal service processing	28.7	£873,920	21.6	£623,877	204.9	£6,419,712	129.6	£3,431,730	83.1	£2,604,814	23.7	£651,942	30.7	£809,011
Internal specialist	19.4	£856,623	11.1	£563,115	203.8	£7,639,709	102.3	£4,409,352	65.6	£3,346,866	15.7	£693,214	22.1	£879,131
Service delivery	82.5	£2,243,680	5.1	£163,845	406.9	£11,264,453	230.6	£6,541,273	148.0	£4,965,075	46.9	£1,370,824	188.7	£5,314,003
<b>Total per authority</b>	<b>288.7</b>	<b>£10,396,310</b>	<b>159.0</b>	<b>£6,253,917</b>	<b>2868.6</b>	<b>£100,312,084</b>	<b>1897.0</b>	<b>£66,336,088</b>	<b>1217.1</b>	<b>£50,351,613</b>	<b>273.5</b>	<b>£9,238,003</b>	<b>538.1</b>	<b>£17,528,401</b>

Figure 2: Summary of current activity across the authorities, adjusted for significant existing staff savings plans (particularly savings plans at SCC and large-scale transformation programmes at TDBC/WSC/SSDC)

Baseline information on a number of indicators was collected at engagement workshops with each council. This was moderated using Ignite's experience of similar work at a wide range of other councils to make an initial assessment of maturity and level of opportunity for efficiency in staffing expenditure. This initial assessment will be further tested and validated during any next more detailed stage of work. The staff efficiency results from four key benefit drivers that release staffing costs and **could be realised through the individual transformation of each council:**

- Managing demand
- Efficiency and automation of technology and processes
- Channel shift, customer self-serve
- Organisation

We have assumed individual transformation has already have taken place at Taunton Deane, West Somerset and South Somerset. Further integration opportunities are still applicable. Activity types referred to in Figure 2 are explained in appendix 3.2.

Activity type	Transformation pre-integration																	
	South Somerset District Council		Taunton Deane & West Somerset		Sedgemoor District Council		Mendip District Council		Somerset County Council		Bath and North East Somerset Council		North Somerset Council		Total (inc. BANES & North Somerset)		Total (exc. BANES & North Somerset)	
	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost
Leadership, management & supervision	11.4	£579,363	25.4	£1,148,898	14.9	£1,006,132	8.1	£565,109	154.2	£6,840,384	104.4	£6,583,612	67.0	£4,997,212	385.3	£21,720,710	213.9	£10,139,886
Strategy & policy					8.6	£488,622	7.5	£383,960	30.4	£1,548,925	19.2	£1,099,026	12.3	£834,203	135.2	£6,955,789	103.6	£5,022,560
Corporate performance management	15.9	£775,456	41.2	£1,825,597	4.4	£207,811	4.2	£185,893	40.2	£1,476,299	20.3	£717,889	13.0	£544,905	82.0	£3,132,797	48.7	£1,870,003
Commissioning, clienting & contract management					1.2	£62,452	3.4	£147,787	11.4	£398,293	17.2	£718,408	11.0	£545,299	44.1	£1,872,240	15.9	£608,532
Corporate governance & compliance	1.2	£52,794	0.8	£49,155	2.0	£110,710	0.8	£41,810	65.7	£2,679,336	21.5	£1,100,830	13.8	£835,571	105.7	£4,870,205	70.5	£2,933,804
Strategic/corporate programme delivery	3.3	£153,188	6.5	£417,397	2.4	£98,021	2.1	£121,984	103.3	£4,810,236	44.9	£1,796,709	28.8	£1,363,770	191.2	£8,761,305	117.6	£5,600,826
Communications, marketing & engagement	2.3	£75,183	3.0	£111,915	3.7	£147,325	3.0	£106,691	19.4	£786,274	16.0	£545,314	10.3	£413,914	57.7	£2,186,616	31.5	£1,227,388
Democratic support & elections	6.2	£221,278	9.9	£319,853	3.0	£129,028	3.8	£147,638	8.3	£319,672	9.0	£340,907	5.8	£258,762	46.0	£1,737,139	31.3	£1,137,470
Community/customer enabling	12.4	£473,232	10.5	£339,120	1.5	£56,474	2.3	£79,669	8.2	£367,799	38.2	£1,361,443	24.5	£1,033,387	97.6	£3,711,123	34.9	£1,316,293
Triage	27.7	£716,221	39.4	£1,253,104	16.9	£511,281	9.0	£286,120	93.7	£3,256,110	92.8	£2,884,330	59.5	£2,189,316	339.1	£11,096,481	186.8	£6,022,835
Mobile/locality working	10.5	£317,731	17.8	£566,557	6.8	£229,894	10.3	£357,916	53.2	£1,935,130	46.9	£1,474,653	30.1	£1,119,318	175.6	£6,001,198	98.7	£3,407,228
Service processing (rule-based cases and accounts)	45.3	£1,252,226	77.1	£2,192,140	33.2	£990,395	30.9	£993,260	395.4	£12,514,756	426.1	£12,346,052	273.4	£9,371,123	1281.4	£39,659,953	581.9	£17,942,778
Specialist	46.8	£1,783,466	56.8	£2,042,568	28.4	£1,156,319	21.6	£961,225	917.2	£30,019,337	448.7	£16,098,298	287.9	£12,219,220	1807.4	£64,280,434	1070.8	£35,962,916
Internal triage	4.2	£121,887	8.2	£259,954	3.7	£118,307	2.7	£71,912	18.6	£580,369	18.9	£430,332	12.1	£326,638	68.4	£1,909,400	37.3	£1,152,429
Internal service processing	23.7	£651,942	30.7	£809,011	21.4	£650,196	18.0	£517,469	159.0	£5,762,835	100.5	£3,080,590	64.5	£2,338,285	417.7	£13,810,327	252.7	£8,391,453
Internal specialist	15.7	£693,214	22.1	£879,131	17.2	£757,640	10.0	£508,587	182.2	£7,639,709	91.4	£4,409,352	58.7	£3,346,866	397.3	£18,234,498	247.2	£10,478,280
Service delivery	46.9	£1,370,824	188.7	£5,314,003	81.5	£2,212,010	5.1	£163,845	406.9	£11,264,453	230.6	£6,541,273	148.0	£4,965,075	1107.6	£31,831,482	729.0	£20,325,135
<b>Cost per authority after transformation</b>	<b>273.5</b>	<b>£9,238,003</b>	<b>538.1</b>	<b>£17,528,401</b>	<b>250.8</b>	<b>£8,932,616</b>	<b>142.6</b>	<b>£5,640,876</b>	<b>2667.3</b>	<b>£92,199,919</b>	<b>1746.7</b>	<b>£61,529,018</b>	<b>1120.6</b>	<b>£46,702,864</b>	<b>6739.6</b>	<b>£241,771,698</b>	<b>3872.3</b>	<b>£133,539,816</b>
<b>Saving per authority after transformation</b>	<b>0.0</b>	<b>£0</b>	<b>0.0</b>	<b>£0</b>	<b>38.0</b>	<b>£1,463,694</b>	<b>16.4</b>	<b>£613,041</b>	<b>201.3</b>	<b>£8,112,166</b>	<b>150.3</b>	<b>£4,807,070</b>	<b>96.5</b>	<b>£3,648,749</b>	<b>502.5</b>	<b>£18,644,719</b>	<b>255.7</b>	<b>£10,188,900</b>

Figure 3: Activity analysis output demonstrating transformation baseline savings (with total savings allocated per authority)

### 1.1.3. Defining integration opportunities

If councils choose to collaborate and integrate activities, services and expenditure on a wide range of components (rather than transform individually) there are higher potential savings. In this scenario the transformation savings would still be achieved but the approach requires transformation and integration to be considered holistically.

The following set of integration opportunities were explored (these are described in detail in appendix 3.1):

#	Opportunity title	Opportunity type
1	Leadership and management integration	Core
2	Shared internal support service	Core
3	Simple self-serve customer journey	Core
4	Local holistic triage	Core
5	Shared/integrated processing/case & specialist	Core
6	Multi-disciplinary locality working	Core
7	Single strategy/approach to community-based demand management	Core
8	Using one set of strategies to deprioritise/rationalise selected outcomes	Stretch
9	Joined up commissioning & procurement	Core
10	Integrated governance, democracy & programmes	Core
11	Single commercial strategy (& delivery)	Stretch
12	Focused asset strategy & portfolio management	Core
13	Funding opportunities	Core

Figure 4: Integration opportunities

Staffing benefits from integration in a newly formed entity are in addition to staffing transformation benefits identified in section 1.1.2. although in practice the approach to realising them will need to be holistic.

The inclusion of opportunities 8 and 11 - 'Using one set of strategies to deprioritise/rationalise selected outcomes' and 'Single commercial strategy (& delivery)' demonstrate a shift in thinking from similar opportunity assessments in the last ten years. While the other opportunities may be considered 'core' because there is general consensus around achieving cashable benefit through this mechanism, these additional opportunities introduce a sense of what could be achieved if the councils genuinely deliver on shared ambitions and priorities.

Some elements of the staffing **transformation benefit** need to be reversed prior to integration, to avoid double counting. Specifically, the approach to delivering benefit in the following activities could differ significantly between transformation to integration:

- **Strategy and policy:** ways of working, annual strategic cycle, contents of shared strategies/policies/plans
- **Strategic/corporate programmes:** the contents and scale of strategic initiatives and the corporate programmes that deliver outcomes against strategy
- **Commissioning, procurement and contract management:** ways of working, commissioning cycle, active contracts, procurement frameworks
- **Democratic support and elections:** governance, schemes of delegations, election timings and processes, support to members

- **Activity ringfenced to delivery units or areas of commercial potential:** transactional, triage or generalist activity that may change/increase/reduce in response to commercial intent and strategic priorities and which could be difficult to separate from delivery roles and embed elsewhere in a wider integration

#### 1.1.4. Linking the integration opportunities to high level options

The transformation opportunity (for each individual authority as per section 1.1.2) and integration opportunity framework (as per section 1.1.3) are agnostic of any potential options for the future of local government in Somerset - a 'form follows function' approach.

The table below describes the approach used to connect each opportunity with the **likely scale of delivery** within an option.

Integration model		
Colour	%	Description
Red	0%	Integration benefit arising from a given opportunity cannot be realised through the given option
Amber	30%	Integration benefit arising from a given opportunity can be partially realised through the given option
Green	70%	Integration benefit arising from a given opportunity <i>can</i> be realised in full but significant cultural, political and governance barriers are likely to reduce the potential impact
Blue	100%	Integration benefit arising from a given opportunity can be realised in full and barriers overcome

Figure 5: Likelihood percentages (reference points) attached to opportunities for each option

## 1.2. Weighted opportunities

### 1.2.1. Summary of weighted opportunities

Based on the rationale for the full scale of opportunity (described in section 1.3) and the likelihood of delivering that for a given option (described in section 1.1), a weighted opportunity is calculated. The summary of this across the key options in the medium term (FY22/23) is shown below.

Weighted opportunities by option	Category 1	Category 2	Category 3				Category 4
	As Is	Get fit + sharing	3a. One new council	3b. Extended two new councils	3c. Extended two new councils	3d. Extended three new councils	A new way of working
Leadership and management integration	N/A	£609,000	£2,030,000	£2,436,000	£2,436,000	£2,030,000	£1,624,000
Shared internal support service	N/A	£3,968,000	£4,960,000	£9,920,000	£9,920,000	£8,240,000	£4,464,000
Simple self-serve customer journey	N/A						
Local holistic triage	N/A	£270,000	£720,000	£1,440,000	£1,440,000	£1,080,000	£900,000
Shared/integrated processing/case & specialist	N/A	£1,428,000	£2,040,000	£3,264,000	£3,264,000	£2,448,000	£1,632,000
Multi-disciplinary locality working	N/A	£329,000	£470,000	£752,000	£752,000	£564,000	£470,000
Single strategy/approach to community-based demand management	N/A	£1,317,000	£3,684,000	£7,368,000	£7,368,000	£7,368,000	£4,390,000
Using one set of strategies to deprioritise/rationalise selected outcomes	N/A	£2,660,000	£3,800,000	£6,080,000	£6,080,000	£4,560,000	£3,220,000
Joined up commissioning & procurement	N/A	£4,242,000	£6,060,000	£9,696,000	£9,696,000	£7,272,000	£5,460,000
Integrated governance, democracy & programmes	N/A	£1,134,000	£3,810,000	£6,096,000	£6,096,000	£4,572,000	£2,873,000
Single commercial strategy (& delivery)	N/A	£4,802,000	£6,860,000	£10,976,000	£10,976,000	£8,232,000	£6,674,000
Focused asset strategy & portfolio management	N/A	£1,393,000	£1,990,000	£3,184,000	£3,184,000	£2,388,000	£1,641,000
Funding opportunities	N/A						
Baseline transformation	N/A	£10,188,900	£10,188,900	£18,640,000	£18,640,000	£18,640,000	£10,188,900
		<b>£32,340,900</b>	<b>£46,612,900</b>	<b>£79,852,000</b>	<b>£79,852,000</b>	<b>£67,394,000</b>	<b>£43,536,900</b>

Figure 6: Summary of weighted opportunities associated with the scope of each option, broken down by opportunity

### 1.2.2. Sensitivity and ranges

For the purposes of creating ranges around potential savings for each option assumptions have been made on what are likely to be the most sensitive or difficult opportunities to deliver.

Opportunities with high staff cost savings arising from running services at scale and/or integrated working are assumed to be the most sensitive. These weighted savings components were removed from the overall weighted savings associated with each option to create the savings ranges presented in Figure 1.

Of course, all integration opportunities are predicated on increasing collaboration and without this all benefits will be difficult to realise. For example, focused asset strategy & portfolio management will rely on compromise, systems thinking and motivation by all councils to deliver savings.

### 1.3. Opportunity analysis

Sections 1.3.1 to 1.3.13 set out for each of the 13 ‘integration’ opportunities:

- An overview of the opportunity:
  - Full scale and weighted opportunities against each option
  - RAG rating for:
    - Reliability/completeness of current data
    - Extent of current assumptions
    - Confidence in the stated scale of opportunity (which refers to Somerset excluding BANES & North Somerset)
- Relevant analysis, assumptions and examples

	Red	Amber	Green
Confidence in scale of opportunity	Impact of assumptions and lack of clarity in data may have produced an opportunity that is not of the correct order of magnitude	Scale of opportunity likely to vary as visibility of existing circumstances improves but likely to be of the correct order of magnitude	Visibility of existing circumstances allows conclusions to be drawn, or assumptions are rooted in a significant body of experience. High level steps required to realise benefit are identified.
Assumptions	Assumptions made have a high impact on the scale of opportunity and could be contradicted by future data gathering	Assumptions made have some impact but are partly founded on sound data gathering/findings, benchmarking and experience	The opportunity is likely to be relatively insensitive to assumptions made or there is support/consensus relating to them
Data	Data available is incomplete, unstructured or incomparable across authorities	Data is inconsistent or variable across authorities	Data required to support decision making is complete, comparably structured, up-to-date and accurate

Figure 7: Explanation of RAG ratings

Assumptions and data support the overall confidence in the scale of opportunity presented. It is therefore possible to maintain a green RAG rating in confidence without green RAG ratings across data and assumptions, for example, because the opportunity is not sensitive to changes in supporting data or because assumptions are based on credible experience.

In each of the ‘specific opportunity’ sections below, the maximum opportunity is set out for both Somerset and Somerset plus BANES/North Somerset (Somerset+). Weighted opportunities are also presented which demonstrates that **no option is modelled to realise the full aggregated sum of all opportunities.**

To estimate the Somerset+ savings a scaling factor of 1.8 has been used. This reflects the sum of net revenue across Somerset+ relative to the sum of net revenue across Somerset, and the sum of population across Somerset+ relative to the sum of population across Somerset. This was increased to a factor of 2, an increase of 10% to reflect the potential scale of integration across a wider set of services that becomes possible for options including BANES and North Somerset. For example, if integration benefit of 10% is assumed on a base cost in the Somerset model, 11% is assumed in the Somerset+ model.

The baseline integration opportunity described in section 1.1.2 is assumed to be delivered fully in options 2, 3 and 4 and is a component of the overall potential savings presented (see Figure 1 and Figure 6):

#### Overview of baseline transformation

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£10.2M	£10.2M	£10.2M	£10.2M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£18.6M	£18.6M	£18.6M	£18.6M

Confidence in scale of opportunity

Assumptions

Data

### 1.3.1. Leadership/management integration

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£2.0M	£0.6M	£2.0M	£1.6M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£4.1M	£2.4M	£2.4M	£2.0M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit arising from staffing budget achieved from re-modelling and integration of management roles across councils.

#### Relevant examples and analysis

Ignite's experience in integrating council management structures suggests an integration benefit in the region of 20%. This is applied specifically to leadership and management activity type in the activity analysis model. The £10.1M projected cost of this activity type post-transition across the six transformed authorities produces a saving in the region of £2M.

Note that the bigger gap between Total scale (Somerset+) and the weighted savings for associated options, relative to Total scale (Somerset) and its corresponding options. This is because the option for a single unitary across the Somerset+ area is not included.

### 1.3.2. Shared internal support service

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£5.0M	£4.0M	£5.0M	£4.5M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£9.9M	£9.9M	£9.9M	£8.2M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit arising from staffing budget and achieved through the creation of a single shared internal support service.

### Relevant examples and analysis

Ignite's experience with other councils suggests:

- Integration benefit in the region of 30% in internal service processing and internal triage activity, applied across all authorities. The £9.5M projected cost of the service processing activity type post-transition across the **six** transformed authorities at 30% efficiency therefore produces a benefit of £2.9M
- Integration benefit in the region of 20% in internal specialist activity, applied across all authorities. The £10.5M projected cost of the specialist activity type post-transition across the **six** transformed authorities therefore produces a benefit of £2.1M

The efficiencies applied total £5.0M and provide for a staffing budget in the region of £15M (after both transformation and integration savings) to provide support to all authorities. This assumes no change in insourced and outsourced activity. For example, if there is significant external expenditure in terms of support services, it may be possible to acquire in house expertise in niche skill areas to deliver services more efficiently. This would reduce external expenditure and increase internal expenditure to create a net benefit; any such savings are not considered. While this would practically need to be considered alongside any implementation of a shared support service, the mechanism for this saving is a more joined up commissioning approach and is considered in section 1.3.9 below.

### 1.3.3. Simple self-serve customer journey

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
N/A	N/A	N/A	N/A

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
N/A	N/A	N/A	N/A

Confidence in scale of opportunity

Assumptions

Data

A high level of customer self-serve will reduce staff costs, especially customer service/triage costs. These savings are included in section 1.3.4 (Local holistic triage)

#### Relevant examples and analysis

Integration of activity and technology alignment will enable more simple and consistent customer journeys that build in customer self-serve where this is helpful to customers and reduces cost. Customers will be able to access all services they need online in a simple and consistent way including a website that is easy to navigate. Customers will also be encouraged and supported to self-serve in line with a single/co-ordinated customer engagement strategy.

Although financial benefits are recognised as part of section 1.3.4, this opportunity recognises a range of improvements for customers. Improving customer experience needs to be supported by a range of metrics and targets, and these in turn must be used to track non-financial benefit.

#### 1.3.4. Local holistic triage

##### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£0.9M	£0.3M	£0.7M	£0.9M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£1.8M	£1.4M	£1.4M	£1.1M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit arising from staffing budget and achieved from:

- Resilience in customer service/ triage activity across a larger pool of activity in each local area - joining up district and county services, and potentially partners
- Better and more integrated customer journeys facilitating customer self-serve and channel shift.

Relevant examples and analysis

Ignite's experience with other councils suggest integration savings in the region of 15% for customer service/triage activity. The £6M projected cost of the triage activity type post-transition across the six transformed authorities therefore produces a benefit of £0.9M.

**1.3.5. Shared/integrated processing/case & specialist**Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£2.0M	£1.4M	£2.0M	£1.6M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£4.1M	£3.3M	£3.3M	£2.4M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit arising from staffing budget and achieved from:

- Resilience in in transactional/processing/case management activity across a wider pool of multi-skilled resources. The occurrence of peaks in demand across multiple services that do not occur simultaneously results in increased utilisation of staff
- Economies of specialism by bringing together areas of specialisms residing in each authority

Relevant examples and analysis

Ignite's experience with other councils suggests:

- Integration benefit can be in the region of 15% in service processing/transactional activity. This is applied specifically to the service processing activity at each district authority. 5% is applied to service processing in the county, taking a conservative approach to applying efficiency to adult and children's services components of the activity. The £17.9M projected cost of the service processing activity type post-transition across the six transformed authorities therefore produces a benefit of £1.4M
- Integration benefit can be in the region of 5% in specialist activity. This is applied specifically to the specialist activity at each district authority. 1% is applied to specialist activity in the county where no efficiency is applied to specialist activity in people services. The £36.0M projected cost of the specialist activity type post-transition across the six transformed authorities therefore produces a benefit of £0.6M

### 1.3.6. Multi-disciplinary locality working

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£0.5M	£0.3M	£0.5M	£0.5M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£0.9M	£0.8M	£0.8M	£0.6M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit on staffing budget achieved from integrating across districts and county, and building more resilience for multi skilled locality teams working on activities/parts of processes best delivered out in community e.g. reporting, monitoring, enforcement, inspection.

No staff saving has been applied to multi-disciplinary locality-based working focused on the management of demand within ‘people’ services - adult social care, children’s services, housing. It is anticipated this could have an impact on commissioned (non-staff) expenditure (see 1.3.7)

#### Relevant examples and analysis

Ignite’s experience with other councils suggests an integration staff saving of 10%. The £3.4M projected cost of the mobile activity type post-transition across the six transformed authorities therefore produces a benefit of £0.5M.

### 1.3.7. Single strategy/approach to community-based demand management

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£4.4M	£1.3M	£3.7M	£4.4M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£8.8M	£7.4M	£7.4M	£7.4M

Confidence in scale of opportunity

Assumptions

Data

Potential savings arising from strategy and approach to managing demand across services and the wider system. Assumption is that this would reduce commissioned spend on adult social care, children's services and housing.

Over time the investment in upstream work might also reduce staff costs associated with applications, assessments and enforcement - with choices about how to take this saving.

#### Relevant examples and analysis

Assumption for further testing and discussion in any next stage of work is that council services at local level will enable broadened and enhanced approach to multi-disciplinary working which has the potential to reduce commissioned spend over time e.g. social care packages, homeless applications, tenant eviction, ASB, regulatory breaches.

Research e.g. Impower, and independent research reports on Somerset One Teams (Bath Spa University) and Village Agents (Gloucestershire University) suggest there is potentially a large savings opportunity e.g.

- 40-50% of cases of children being taken into local authority care are preventable. A significant proportion of care home residents could have lived independently for longer if their independence had been prioritised and supported by health and social care practitioners (Impower)
- Bath Spa's review of One Team's used the New Economy Manchester Model. £1.1M saving in a year from reduced crime for three One Teams in Taunton. Also prevented range of other non-crime costs e.g. homelessness, tenant evictions, children in care
- Village agents generate a 900% value increase. £571k funding (over 21 months) resulted in £5.25M saving across the system e.g. reduced need for supported housing, residential care, mental health and therapy intervention.

The high-level estimate at this stage of the work is for a potential savings of £3.4M (2% of estimated non-staff budget for adult social care, children's services, housing options/homelessness).

Over longer period might have impact on staff costs as well, estimated as 2% (£0.95M) of staff budget for adult social care, children's services and housing options/homelessness. This is a typical example of where there may be a choice or trade-off between reducing staff, offsetting growth assumptions in the MTFS or investing in further demand management.

Potential impact on place-based services across regulatory, highways, environment (e.g. reduced breaches of regulations, better care of place environment) - not included at this stage.

### 1.3.8. Using one set of strategies to deprioritise/rationalise selected outcomes

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£3.8M	£2.7M	£3.8M	£3.2M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£7.6M	£6.1M	£6.1M	£4.6M

Confidence in scale of opportunity

Assumptions

Data

Savings arising from:

- An integrated strategy team allowing an economy of scale and of specialisation (revenue staff savings)
- New single set of strategies and strategic outcomes and priorities, financial planning and expenditure that is aligned, and the opportunity to review consistency across districts and disinvest from lower priority or discretionary services or elements within services (revenue staff and on staff savings)

#### Relevant examples and analysis

Our experience of working with individual councils to analyse the alignment of financial planning and expenditure to strategic outcomes and priorities, found opportunity to reduce spending in non-priority discretionary areas in the region of 3% to 7% of net expenditure. Alignment of strategy across all the authorities will create a sense of shared priority to align expenditure to and opportunity to rationalise across service offerings. This is a local choice and politically lead but based on recent experience, typical example might include:

- Reducing discretionary activity in statutory areas such as planning, planning policy and environmental health
- Reducing discretionary waste services (e.g. to remote areas that are difficult to reach)
- Re-shaping tourism offerings to reduce physical premises and increase investment in online services
- Reducing delivery in economic development and focusing on strategic partnerships
- Reducing culture and arts offerings/grants and taking a more commercial approach to delivery
- Reducing publications and physical prints

- Reducing staff and member allowances (e.g. committee attendance allowances)
- Reduction of marketing and promotion expenses

The above examples demonstrate that it is possible to redirect savings to other services, shift resources or take a different approach to services as part of a response to changes in strategy. An initial high-level assumption has been made that across district councils there is a potential saving of 4% on net revenue expenditure (3% non-staff costs and 1% staff costs). This saving is not applied to the county for modelling purposes; an assumption to acknowledge the work already carried out in sensitive services to deliver savings and reduce non-statutory services. It does not preclude this area from any **consideration** of expenditure alignment to shared strategy in future. 4% efficiency on a combined net revenue expenditure of £70M across the district authorities gives rise to a £2.8M benefit.

Staff savings from integration of strategic activity estimated as 20%. The £5M projected cost of the strategy & policy activity type post-transition across the six transformed authorities therefore produces a benefit of £1.0M.

### 1.3.9. Joined up commissioning & procurement

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£6.1M	£4.2M	£6.1M	£5.5M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£12.1M	£9.7M	£9.7M	£7.3M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit arising from joined up commissioning and procurement is proposed through:

- Improved buying power, removing duplication across contracts, improving commissioning effectiveness
- Reduced commissioning and procurement staff

This opportunity represents an efficiency across contracts that could span both statutory and discretionary activity. “Focused asset strategy and portfolio management” could also deliver savings from reduction in contract values if assets are divested or disposed. This benefit arises from stopping activity and not from delivering equal outputs more efficiently within an unchanged scope - which is considered here.

Relevant examples and analysis

Contracts registers were considered alongside supplier payments, which were analysed/classified against a standard set of common 83 subjective transaction types. Account descriptions and supplier details were used to inform classification. Over 740,000 from transactions with value over £1.1BN from financial years 17/18 and 18/19 were classified across all of the authorities:

Description	Sum of 17/18 and 18/19 payments
Adults - Care Unclassified	£38,231,431
Adults - Domiciliary support/ care	£33,995,011
Adults - Residential and nursing placements	£88,190,245
Adults - Supported living costs	£10,132,383
Adults - Transport for day services	£1,948,802
Advertising & marketing	£2,471,635
Agency	£8,807,067
Animals	£36,783
AR Refunds	£40,579
Audit Fees	£787,816
Bank Charges	£121,088
Bereavement	£847,471
Bond Returns	£549,565
Book Publication	£3,166,960
Child Day Care	£240,424
Children - Adoption and fostering agencies	£20,370,618
Children - Residential care placements/ care packages	£11,294,074
Children - Therapy spend	£2,084,343
Children Care Unclassified	£3,604,929
Children Care Unclassified + Asylum Seekers	£4,500
Children- Mix	£7,797,116
Cleaning	£1,151,352
Clothing & uniform	£192,193
Compensation	£620,757
Consultancy	£13,210,509
Contractors	£172,068,913
Council Tax Collection	£77,792
Council Tax Refunds	£2,837,854
DBS Checks	£249,019
Debt Collection	£1,296
Debt Related Payments	-£160,055
Disability Support	£75,357,180
Economic Development Projects	£891,045
Elections	£785,472
Environment Protection	£8,138,042
Environmental enforcement (inc. Fly tipping)	£59,695
Equipment & tools	£2,324,119
Expenses	£6,226
Flood Protection	£360,305

Grants	£12,972,944
Grants/Contributions	£94,154,860
HMRC/Audit	£203,607
Homelessness/ housing options/ sheltered housing	£21,951,122
Housing benefit refund	£5,386
Insurance	£18,305,660
Inventory	£2,085
IT (inc. hardware, software, infrastructure, telecomms)	£32,849,278
Legal advice, expenses and consultancy	£12,436,338
Legionella	£95,130
Licences	£101,354
Licensing	£7,536
Medical	£2,910,252
NNDR	£6,586,112
NNDR Refunds	£6,888,038
Office supplies (inc. furniture)	£991,959
Parish Precept	£5,392,119
Parking	£6,064,719
Parks & countryside materials	£1,122,802
Payment In Error	£157,288
Payroll	-£53,628
Pension	£3,706,934
Planning Application Refunds	£45,210
Premises/ Land Purchase/Rents/Service Charges	£4,929,040
Printing, copying & post	£2,538,205
Purchase for resale	£323,505
Recruitment	£13,744,821
Refreshments	£5,748,764
Room Hire/Meeting costs	£632,543
School Funding/Resources/Visits/Equipment/ Staff	£38,763,848
Security	£1,574,928
Staff Concessions	£4,019,643
Subscriptions	£2,808,316
Surveying	£1,015,946
Tax Collection (inc council tax and business rates)	£89,710,511
TBC	£25,384,006
Tenant Refunds	£99,910
Tickets & promotions	£234,677
Training	£4,342,085
Transport	£25,638,047
Utilities	£8,616,262
Vehicles (inc. leasing and maintenance)	£15,698,897
Furnishing / Inventory	£944,186
Maintenance / Refurbishment	£125,059,434
<b>TOTAL</b>	<b>£1,111,619,234</b>

Figure 8: Supplier spend analysis across all authorities excluding South Somerset (for which no supplier payments were available)

Given the high volumes of transactions, this summary provides a high-level indication and sense of priority. Any row item in the table above is considered of interest if:

- There is a high value in absolute terms (i.e. largest values)
  - Even small percentage efficiencies could give rise to significant savings
  - There **could** be scope for reasonable strategy-based reductions
- There is high value in relative (i.e. benchmarking) terms
- High volumes of transactions or anecdotal evidence suggest spot transactions are common when a contract, framework or other agreement may be more appropriate
- The total of a classification across all authorities is comprised of a relatively even contributions from each authority, suggesting potential savings from economies of scale across authorities

Non-staffing place-based expenditure was estimated by removing staffing costs from net expenditure in applicable teams at each district and the county (£84M). 5% efficiency was applied to this £84M net expenditure and a further 1% was applied to £171M people-based expenditure at the county. This produces a total saving of £6M related to this opportunity (which represents ~1.5% of total net expenditure across all authorities). This is supported by a set of example opportunities and next steps in section 2.1.9.

### 1.3.10. Integrated governance, democracy & programmes

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£3.8M	£1.1M	£3.8M	£2.9M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£7.6M	£6.1M	£6.1M	£4.6M



Revenue savings arising from a shared programme team and reduced governance, democracy and elections expenditure.

- Integration of performance, governance, democracy and elections staff - creating economy of scale and specialisation
- Reduced number of members and cost of member allowances, expenses and support

- Reduction in staff costs for running all major programmes such as transformation, building/regen/housing. Primarily from PMO, legal/finance, directors on programme boards
- Reduction in revenue costs (no capital) associated with running all major programmes such as transformation, building/regen/housing - primarily from outsourced consultancy

#### Relevant examples and analysis

Based on experience working with councils, the following revenue benefits have been applied:

- Staff saving of 20% (£1.5M) on integration or performance, governance, democracy and election activity
- Staff saving of 20% on programme activity (£0.6M)
- Saving on consultancy costs (from supplier analysis) of 8%. (£1M)

#### **Member costs have been considered as follows (based on ‘one new council’ in Somerset)**

- Current cost for 294 members is £2.8M.
- Will reduce to estimated £2.6M in April when Somerset West And Taunton Council created
- Cost for ‘One New Council’ estimated as:
  - 125 members. (LGBC guide is up to 100. Cornwall 123, Durham 126, Wiltshire 98)
  - Average ‘to be’ cost per member (allowances and expenses) £17.6K (based on county, Cornwall, Wiltshire, Durham).
  - Total cost £2.2M.
  - Potential saving uplifted by (x1.2) to allow for IT equipment and other costs
  - Total saving estimated as £0.5M per annum.

#### **Election costs (Based on one new council)**

- Current arrangements effectively involve districts running two lots of elections - one for district level, one for county level - each every 4 years.
- Saving is on one set of these - plus 10% integration efficiency on procurement on continued activity. Assume ‘one new council elections’ run across 4 bases
- Total savings estimated at £0.2M per annum.

### 1.3.11. Single commercial strategy (& delivery)

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£6.9M	£4.8M	£6.9M	£6.7M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£13.7M	£11.0M	£11.0M	£8.2M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit arising from commercialisation is proposed through:

- Investment assets in housing, commercial, industrial
- Reviewing approach to street care
- Reviewing approach to parks & countryside
- Reviewing approach to management of leisure services (no savings included at this stage)
- Reviewing approach to waste services (bulky waste, garden waste) (no savings included at this stage)
- Reviewing approach to culture, heritage and libraries (no savings included at this stage)
- Reviewing approach to community care (no savings included at this stage)
- Approach to parking management (no savings included at this stage)
- New ventures

This opportunity describes the potential to generate positive income streams to the authorities, including sweating assets and increasing the intent of investment portfolios. This is distinct from opportunities arising from the asset base relating to the reduction of ongoing costs (discussed in section 1.3.12 below).

Most commercial benefit is assumed through income in commercial property investment. Significant investments already held at Mendip District Council and Somerset District Council demonstrate yields between 5%-7%. Recognising the perceived risks and slow-down in property markets, a new £200M portfolio is assumed to be financed by borrowing and return 2.5% net yield (i.e. after costs and borrowing costs), delivering £5M benefit. Depending on the timeline and sequence of events against the focused asset strategy & portfolio management opportunity in section 1.3.12 below, funding from capital receipts may be available to effectively increase net yield on the portfolio.

In addition to the £5M delivered by an investment portfolio, the remaining £1.9M opportunity is assumed to be delivered through other commercialisation:

- 15% efficiency on an estimated expenditure of £4.7M across streetcare and toilets (£0.7M)
- 15% efficiency on an estimated expenditure of £4.4M across parks and countryside (£0.7M)
- £0.5M through delivery of new business centres, incubation hubs, enterprise centres and a more commercial approach across services that have potential to generate income in a larger area. For example:
  - Parks and countryside services and possible commercialisation in strategic assets
  - Reviewing parking income
  - Expanding chargeable regulatory services. (E.g. Planning advice, pest control)

### 1.3.12. Focused asset strategy & portfolio management

#### Overview

Total scale (Somerset)	Get fit + sharing (weighted)	3a. One new council (weighted)	4. A new way of working (weighted)
£2.0M	£1.4M	£2.0M	£1.6M

Total scale (Somerset+)	3b. Extended two new councils (weighted)	3c. Extended two new councils (weighted)	3d. Extended three new councils (weighted)
£4.0M	£3.2M	£3.2M	£2.4M

Confidence in scale of opportunity

Assumptions

Data

Revenue benefit across asset strategy and portfolio management is proposed through:

- Reduced staff to manage and maintain the assets
- Increased yield from asset portfolio based on best practice
- Divest and dispose of assets
- Reduced cost base of operational assets
- Reducing asset use for discretionary services

This fundamentally reviews the ongoing costs of running assets and is delivered through stopping activity/services that do not align to corporate aims (strategy-based reductions) or rationalising (non-staff efficiency). Sweating assets and increasing the intent of investment portfolios (commercialisation) is discussed in section 1.3.11 above.

#### Relevant examples and analysis

Analysis across the authorities yielded the following (excluding assets specifically marked as HRA at Taunton & West Somerset):

- A total of 3229 assets held on registers across the Somerset authorities
- Known value of 920 assets totaling ~£250M
- Unknown income and expenditure position on at least 2785 assets
- Currently no asset management strategy in Sedgemoor
- Differing conventions for managing verges and assets below a threshold value. For example:
  - Verges (held individually in SSDC)
  - Accounting policy on net book values
  - Use of market appraisals and assets to prioritise
  - Classification approach

The current asset management strategies across the authorities demonstrate the following similarities and shared aspirations:

- A general principle around collaboration with the voluntary sector and transferring assets to local communities if it can be effectively managed and continue to benefit customers
- Holding, managing and co-ordinating budgets using a centralised approach
- Maintaining an asset register and property information that is up-to-date and provides a basis for leadership decision making
- Rationalising or sharing assets to maximise efficiency and utilisation
- Recognising the importance of energy efficiency in new and refurbished properties
- Acquisitions based on a strong business case (but with no firm definition)

There is varied or inconsistent detail on what the overall portfolio should achieve:

- High level commercial performance is not targeted explicitly (e.g. target value of portfolio, target net yield)
- How/where the portfolio should complement strategic objectives in the corporate plan and where it should trade off against them (i.e. commercially) to shape priorities
- Aspirations for property acquisitions; limited specific targets
- Ambition to dispose of land assets that absorb staff time and strategic capacity
- Principles around acquisitions are limited (e.g. acquisitions outside boundaries, within specific sectors or within specific sectors)
- Linking acquisitions to major strategic programmes and referencing sources of financing
- Understanding the geography and distribution of assets to facilitate rationalisation/sharing

There is divergent thinking or difference in approach in a small number of areas:

- Governance, delegation and decision making; variation in policy across authorities
- Operational approach to performance monitoring (e.g. technology packages and the extent to which these are used, tactical targets/benchmarking such as NaPPMI indicators) (although intended outputs are likely to be relatively aligned)

Differences are mainly centered on policy and operational approach rather than intended outcomes, suggesting there is opportunity in terms of a single asset management strategy. The following table summarises broad principles drawn out of all the asset management strategies that provide a starting point for a shared strategy:

Releasing benefit	Description
Holding the right blend of assets	Disposing, divesting and acquiring the right property, responding to a shared commercial strategy and asset management strategy
	Acquiring new assets needs to be assessed against the opportunity cost of other potential acquisitions or capital investment in existing assets
Making best use of the asset base	Maximising occupancy and efficiency in operational assets and sites where statutory obligations are discharged by considering possibilities for sharing and collaboration
	Identification of genuinely strategic sites, collaborating and sharing sites, value for money across strategic sites and sites where discretionary services are delivered

Figure 9: Releasing benefit from the asset base

Analysis of the asset base demonstrates a high number of assets and a relatively low average value where this is known (and assets with unknown value would point to likelihood of relatively low values). There are 20 known assets with value over £2M are shown in the table below:

Authority	Asset	Value (if known)	Net yield (if known)
Taunton Deane Borough Council	Multi-storey Car Park, Paul Street	£3,025,913	5.9%
Taunton Deane Borough Council	Kilkenny Car Park	£2,282,100	4.2%
Taunton Deane Borough Council	Crescent Car Park (South and North site)	£3,732,768	5.3%
Taunton Deane Borough Council	Canon Street Car Park	£4,043,250	5.3%
Taunton Deane Borough Council	The Deane House	£3,835,622	-2.1%
Taunton Deane Borough Council	Site of former Livestock Market (Firepool)	£7,392,929	0.0%
Taunton Deane Borough Council	Blackbrook Pavilion Leisure Centre, Pool and Spa	£14,975,000	0.0%
Taunton Deane Borough Council	Wellington Sports Centre	£7,284,000	-1.2%
Taunton Deane Borough Council	Wellsprings Sports Centre, Taunton	£9,010,000	-0.3%
Taunton Deane Borough Council	Taunton Swimming Pool	£3,475,000	0.0%
Taunton Deane Borough Council	Castle Green, Taunton (Former Car Park)	£2,466,389	0.0%
Mendip District Council	DFS Building Wootton Bassett Road Swindon	£7,877,000	7.4%
Mendip District Council	Unit 1 New House Farm Industrial Estate, Mathern Chepstow	£8,710,000	6.3%
Mendip District Council	93/94 Pydar Street Truro	£4,425,000	6.2%
Mendip District Council	Unit B2 Marshall Way Commerce Park Frome	£4,801,000	5.1%
Mendip District Council	Saxonvale	£6,300,000	0%
Sedgemoor District Council	Bridgwater House, Offices	£6,622,233	-0.9%
South Somerset District Council	Marks & Spencer Plc.	£7,200,000	Unknown
South Somerset District Council	Wilkinsons	£4,100,000	Unknown
South Somerset District Council	Bonsoir Business Incubator Site	£3,050,000	Unknown

Figure 10: Assets over £2M in value with calculated net yield based on income and expenditure provided. Asset values for Somerset County Council assets are unknown and West Somerset Council have no assets exceeding £2M

An estimate of savings (£750k) resulting from office space, driven by FTE reduction was derived from a high-level calculation:

*Office savings*

$$\cong \text{Area per desk} \times \text{Desks per FTE} \times \text{Net FTE reduction} \\ \times \text{Annual rental cost per area}$$

$$\text{Office savings} \cong 100\text{ft}^2 \times 0.8 \text{ desks per FTE} \times (256\text{FTE}_{\text{transform}} \\ + 464\text{FTE}_{\text{integration}}) \times £13/\text{ft}^2 (\text{TBC})$$

$$\text{Office savings} \cong £750\text{k}$$

A cost reduction of £950k is assumed for other assets and operational property (exc. HRA) with total known asset value of £250M. This represents a conservative -0.4% improvement of yield against known asset value. This could include disposing assets in culture and heritage that are relatively expensive to run and for which any statutory services can be easily relocated.

From activity analysis, an estimated £2.9M in staffing time is dedicated to asset management activities (including surveyors, maintenance etc.) and 10% efficiency is assumed through the creation of one asset team (£0.3M). This efficiency applies to the existing level of activity, and costs of managing and maintaining an expanded asset base are separated. For example, these additional costs are accounted for as part of the 2.5% net yield for the expanded investment portfolio discussed in section 1.3.11.

Overall, the savings calculated for this opportunity are considered conservative. More detailed work is likely to highlight additional savings and inform plans.

### 1.3.13. Funding opportunities

No specific changes have been modelled at this stage but considerations include:

- Loss of the small fixed funding allowance received by district authorities in unitary options. There is a strong possibility that district councils may lose these allowances after fair funding review
- The potential for leveraging new taxation in any new scenario. For example, mayoral precepts are an option in some combined authorities and devolution of responsibilities from central government to the authority may introduce opportunities for further funding
- The distribution of existing funding, where the allocation of funding for a new entity would be influenced by a range of factors including population and deprivation
- Impacts of proposals on business rates income, pooling, pilot schemes, timelines for baselining etc.
- The opportunity cost of any council tax harmonisation required
- The precepts to town and parish councils in any proposed arrangements and opportunities to make best use of them.

## 1.4. Data request

A data request was made to each authority on the 26<sup>th</sup> October 2018 (with a reduced request to North Somerset and BANES). The purpose of this request was to gather information about council activity and costs to enable high level analysis (see section 1.3). The full details of this request can be seen in section 3.4 and information returned is summarised in section 3.3.

This analysis is currently at a high level. There will be further work as part of any next stage to refresh, test, validate, stress test and further refine data including much more significant engagement with s151 officers.

The volume and quality of data received varied across opportunities and councils. In areas where the data received is already comprehensive, more granular work may still be required to enable comparability. For example, asset registers adopt different conventions around assigning asset values, income, expenditure and classification.

## 2. Data collection and modelling next steps

Each of the opportunities highlighted in section 1.3 identify a RAG rating in terms of the reliability/completeness of data, extent of current assumptions and confidence in overall opportunity. In terms of data, a full business case seeks to move the RAG rating of as many components as possible to green so that the most informed decision is made regarding any proposed future implementation. Next steps will be predicated on a **consensus** of what is good enough to move RAG ratings for data and assumptions to green across the opportunities. This is to recognise that efforts to refine data should be proportional to the associated risk and benefits.

### 2.1.1. Leadership and management integration

Leadership and management integration opportunities are driven through staffing efficiencies associated with a new target operating model and organisational structure. A refined activity analysis is required to best define this. Suggested next steps (for this opportunity and those through to 2.1.6) include:

- More detailed activity analysis based on refreshed establishment data (2019/20), which in the first instance would involve improving input data to the current desk-based modelling approach, with the option to develop further through more rigorous staff engagement. Initially this would involve engagement with key staff e.g. S151, service leads to understand current activity and process in more detail.
- Detailed understanding of income, grants and any other ringfenced funding that effectively funds staff and need to be considered to realise general fund impact
- Meetings with key stakeholders/engagement workshops including subject matter experts to highlight, target and develop high level solutions for components of the operating model (leadership and management, locality working etc.)
- Meetings with key stakeholder/ engagement workshops to test and validate the baseline assessment, current levels of maturity, pockets of specific process/technology opportunity and cultural challenges
- Using refined outputs and data to develop a high-level operating model (that would subsequently be refined and tracked through implementation)
- Location/geographic analysis to determine options for where staff and services are best located considering smart working and partner boundaries and locations

### 2.1.2. Shared internal support service

As described in section 2.1.1 above.

### 2.1.3. Simple self-serve customer journey

Work to develop optimal customer pathways to inform operating model and organisational design.

#### 2.1.4. Local holistic triage

As described in 2.1.1. including location/geographical considerations. Consider alongside technology proposals that impact customer services/triage.

#### 2.1.5. Shared/integrated processing/case & specialist

As described in section 2.1.1 above - including location/geographic considerations. Consider alongside technology proposals that impact this area of activity.

#### 2.1.6. Multi-disciplinary locality working

As described in 2.1.1. including location/geographical considerations which are key to this opportunity

#### 2.1.7. Single strategy/approach to community-based demand management

Work with key service leads to develop and test:

- Impact of new/further developed multi-disciplinary locality working on both current commissioned spend and future growth forecasts across district and county services
- Impact that different local government structural options have on ability to manage demand

#### 2.1.8. Using one set of strategies to deprioritise/rationalise selected outcomes

Savings generated from this area require the buy-in and approval of political leaders. Next steps include:

- Refined activity analysis as in 2.1.1. including location/geographical considerations
- Ongoing work with political leaders and CEOs to develop a single set of strategies
- Work with key service leads (districts in particular) to refine estimates for potential savings on discretionary/non-priority areas or elements of service. Ignite has previously used a service challenge approach:
  - Facilitating budget managers to produce presentations on their area, where there may be opportunity to improve general fund position through income or savings
  - Presentations in a standard format to allow comparison - classing opportunities as non-staffing expenditure, strategy-based reductions or commercialisation
  - Ignite and key stakeholders challenge presentations, consider likelihood of success and formulate plans to progress selected ideas

#### 2.1.9. Joined up commissioning & procurement

Based on the criteria set out in section 1.3.9, the following subjective sums have been extracted as examples that could be explored in detail with relevant service staff. The purpose is to generate **efficiency**. Some of these areas may also provide opportunities for **strategy-based reductions** and hence contribute to the approach in section 2.1.8. For example, centralising marketing and promotional budgets may generate efficiency but there may also be opportunity to stop this activity in certain areas. Equally, the service challenge approach described in section 2.1.8 can produce opportunities for commissioning and procurement (particularly in the form of tactical savings opportunities that can be bundled up):

Description	Average annual spend	Comments, possible opportunities and next steps
Adults (various categories)	£172M	<ul style="list-style-type: none"> <li>Investigate the council's 50 most expensive care packages</li> <li>Use the most expensive care packages to inform and improve commissioning cycle</li> <li>Re-visit supplier payments analysis to understand the volumes and value of spot transactions can be controlled through improved commissioning approach</li> </ul>
Legal advice, expertise & consultancy	£6.2M	<ul style="list-style-type: none"> <li>Centralise procurement of legal services through a shared legal team, limit ad-hoc use of external providers</li> <li>Audit the procurement of external legal advice to build a picture of the most significant skills and services being procured</li> <li>Consider increasing in-house expertise in niche areas that reach a critical mass when pooled in the shared internal support</li> </ul>
Vehicles	£7.9M	<ul style="list-style-type: none"> <li>Rationalising vehicles and using them for multiple purposes across the borough</li> <li>Centralised view of purchasing, leasing and maintenance</li> </ul>
Maintenance/refurbishment	£63M	<ul style="list-style-type: none"> <li>Maximising framework agreements</li> <li>Removing duplication</li> <li>Introducing a commissioning cycle that positions a large contract or contracts that are attractive to prospective suppliers</li> </ul>
Contractors	£86M	<ul style="list-style-type: none"> <li>Maximising framework agreements</li> <li>Removing duplication</li> <li>Introducing a commissioning cycle that positions a large contract or contracts that are attractive to prospective suppliers</li> <li>Maximising transfers to capital budgets</li> </ul>
Grants & contributions	£54M	<ul style="list-style-type: none"> <li>No efficiency is earmarked due to political sensitivity but a significant pot of expenditure that should align to shared strategy and ambition</li> <li>Possible scope to reduce community grants that are won or applied for (i.e. not awarded to the same organisations annually) in particular</li> </ul>
Advertising & marketing	£1.2M	<ul style="list-style-type: none"> <li>High volumes of transactions and suppliers</li> <li>Join up approach and consider the most effective medium/reach, use of PR and priorities for marketing (e.g. strategic programmes)</li> <li>Detailed activity analysis could be used to analyse internal time/cost dispersed across the organisations; consider resources holistically</li> </ul>
Office supplies (inc. furniture)	£0.5M	<ul style="list-style-type: none"> <li>Centralising procurement to reduce costs</li> </ul>
Parks & countryside supplies	£0.6M	<ul style="list-style-type: none"> <li>Centralising procurement to reduce costs</li> </ul>
Equipment & tools	£1.2M	<ul style="list-style-type: none"> <li>Centralising procurement to reduce costs</li> </ul>
Agency staff	£4.5M	<ul style="list-style-type: none"> <li>Creating useful frameworks that are fit for purpose across a wider set of activities</li> </ul>

Figure 11: Selected subjectives of interest from the supplier payments analysis with average annual expenditure based on 17/18 and 18/19 supplier payments data

The following areas that related to contract register data could also be useful to investigate further:

- Gaining genuine visibility in contract registers of actual versus budgeted expenditure for recent financial years and budgeted expenditure for future years
- Tracking a critical mass of supplier payment transactions within the priority subjectives identified above to build a picture of:
  - The extent to which transactions are executed through contracts, frameworks or spot purchases
  - The highest value contracts relating to the key subjectives across each council that relate to each expenditure type so that existing similar contracts can be grouped and probed for duplication and potential to change ways of working
  - How spot transactions can be reduced under any new ways of working or contractual approach to improve value
  - The budgets to which payments are charged, ascertaining whether savings are delivered to capital or revenue budgets
- Identify total place based commissioned spend - details of third-party payments and supplier payments are not readily available through budget books
- Linking the contracts to assets and ability to realise benefit by stripping activity away
- Compare significant contracts of similar scope across districts

#### 2.1.10. [Integrated governance, democracy & programmes](#)

As described in 2.1.1. including location/geographical considerations.

More detailed work with governance/democracy staff to test, validate and refine member and election arrangements and associated costs/savings.

#### 2.1.11. [Single commercial strategy \(& delivery\)](#)

The scale of opportunity with respect to investment assets assumes expansion of the portfolio across all the authorities. Benchmarking against authorities with which Ignite has worked suggest there is opportunity to consolidate assets and focus a strategic programme to acquire investment property. A £200M portfolio at a net yield of 2.5% (after borrowing costs including minimum revenue provision) would generate £5M revenue across the authorities. Next steps could include testing appetite of political leaders (initially) for:

- New arrangements to create a shared asset/commercial strategy, finding a balance of strategic and commercial targets
- The future entity (depending on option) investing in an asset management team that can quickly expand a shared investment portfolio, investing an additional £200M financed predominantly by borrowing
- Disposing of assets held for investment that are unlikely to return yields above an agreed threshold (assuming there is comparability in calculated net yields across assets as highlighted in section 2.1.12 below)

Eastleigh Borough Council could be used as a model to demonstrate aggressive expansion over a relatively short period of time:

- Eastleigh Borough Council (~31 square miles, ~130K population) currently manage a £240M investment portfolio that returns a net surplus of £10M a year (~4.2%)

- From 2008-2011 high yield acquisitions were targeted to rapidly move the portfolio from £55M to £188M
- Clear plans in terms of commercial and strategic targets to balance outcomes of regeneration/economic development and commercial return through an intense period of acquisitions
- Over the last 7 years the portfolio has seen more modest growth with more emphasis on driving net returns (e.g. reviewing leaseholds and reducing rolling agreements)
- In the last 7 years the balance of the portfolio has been reviewed and adjusted to mitigate risk and respond to changing strategic goals and invest in the borough (e.g. increasing the share of industrial assets and moving towards residential investment to drive improvement in housing standards)

### 2.1.12. Focused asset strategy & portfolio management

While there is confidence with the scale of the £1.5M opportunity proposed for a focused approach to assets, the following high-level steps are proposed, working with property and asset key stakeholders across the council:

- Investigate significant differences in assessing income and expenditure against an asset so that calculation of net yields is comparable, allowing investment, development and disposal opportunities to be identified
- Consistent approach to classification of assets:
  - Effectively creating a single asset register (possibly using ePIMS as a starting point)
  - The output should be a structured data that enables a genuinely holistic approach to best use of assets; suggested/example asset classifications of are set out in appendix 3.5
  - This could be particularly useful in operational assets, which could be sub-classified to rationalise (e.g. Possibility of multi-purposing depots for similar activity across services and authorities)
- An important step in creation of this data set is to flush out pockets of assets held in individual authorities where there is currently no centralised view within the authority itself (i.e. because use/management of the asset is taken care of through a service area)
- Expanding the opportunity of this structured dataset could see use of a single system and GIS overlay to build a picture across the authorities
  - The approach could span at least for the duration of any project and possibly as a step to a more long-term joined up approach
  - Timelines for any existing procurement needs should be considered (for example, Trimble have announced the Atrium, used by the county, will go end of life in 2020 and as such the county will be considering a new solution)
- Taking assets of highest interest or seeing the greatest potential change to prioritise effort to attain more accurate valuations (i.e. market appraisals)
- Identifying where statutory/safety obligations including fire regulations, legionella, asbestos, overall maintenance etc. are not being fulfilled or efficiently discharged
- Identifying budgets relating to proposed asset rationalisation to identify the benefit mechanism and track realisation
- Auditing the contracts register where there are any proposals for rationalisation or growth to understand the opportunities to diminish the scope of contracts

- Auditing the contracts register for any proposed developments to understand where scope can be expanded at better value than generating entirely fresh arrangements
- Understanding the relationship between any shared commercial ambitions in the property space and the relationship/sequencing of any steps taken with respect to commercialisation (see section 2.1.11). For example, capital receipts from asset rationalisation could be considered for financing an investment portfolio

### 2.1.13. Funding opportunities

There are currently no assumptions relating to benefit or improving financial position through additional funding. MTFS gap analysis distributes existing financial challenges and funding to the new proposed authorities to build a picture of the challenge. Preliminary analysis of council tax banding indicates that opportunity costs of harmonisation is unlikely to be an issue, where the maximum band D rates in FY18/19 across districts in Somerset are £150.72 and £157.48 respectively.

## 3. Appendices

### 3.1. Opportunity types

#### 3.1.1. Leadership and management integration

##### Outline

- Streamline leadership and management of (4000/7000) staff
- Promote separation of functional and operational management
- Clarify accountabilities and responsibilities of leaders and manager

##### Benefits

- Financial savings from reduced number of roles (economy of scale)
- Clearer accountabilities and responsibilities
- Fewer layers of management, and more empowered staff
- More effective functional and operational management - people with the right skills in the right roles

#### 3.1.2. Shared internal support service

##### Outline

- Centre of excellence for internal support services
- Provision of transactional internal support and resolution of cases
- Advice and guidance that protects the organisations, promotes compliance and allows them to deliver on corporate priorities

##### Benefits

- Significant economies of specialism and scale arising from genuine transformation
- Ability to retain niche skill sets across a larger pool of resources
- Focused resources on promoting self-serve across all staff
- Business partnering that provides excellent management information, consistency and ultimately improves service

### 3.1.3. Simple self-serve customer journey

#### Outline

- Simple and consistent customer journeys that build in customer self serve where this is helpful to customers and reduces cost
- Customers able to access all services they need online in a simple and consistent way including a website that is easy to navigate
- Customers encouraged and supported to self-serve in line with a single/co-ordinated customer engagement strategy

#### Benefits

- High levels of customer self-serve
- Reduced level of staff and staff cost
- Customer satisfaction

### 3.1.4. Local holistic triage

#### Outline

- Customer hubs operate at a local level to:
- Cover the full range of local issues - council and local partners
- Resolve customer problems and issues in a joined-up way
- Manage demand effectively by recognising people's strengths and connecting them to the right support or service - including community based
- Route issues that cannot be resolved rapidly to the right roles/ teams
- A mix of non-specialist and specialist roles
- Specialist roles handle complex enquiries, and mentor and share knowledge with non-specialists to enable them to operate effectively

#### Benefits

- More effective upstream work and that reduces demand for applications, assessments and service delivery
- Economy of scale savings from bringing together all local triage
- Enhanced ability to resolve customer issues and problems by handling them in a holistic way
- Higher customer satisfaction from more effective and co-ordinated triage

### 3.1.5. Shared/integrated processing/case & specialist

#### Outline

- Joined up processing/ case work-teams run in-house at larger scale or potentially part of contract or teckal
- Specialist work joined up where:
- Highly specialist and only requires single or small number of roles e.g. air pollution
- Only require a small group of specialists who can act as centre of excellence e.g. revs and bens
- Service is better operated at scale e.g. economic development, transport
- Commercial reasons e.g. building control

#### Benefits

- Economies of scale and/ or specialisation
- Consistency and speed of processing
- Higher quality specialist advice, including on niche areas

### 3.1.6. Multi-disciplinary locality working

#### Outline

- Locality teams working in multi-disciplinary way on activities / parts of processes best delivered out in community e.g. reporting, monitoring, enforcement
- Includes children, adult and public health services - where cross agency locality based working is helpful including with partners
- Opportunity to build on existing 'one team' and adult social care approaches (village/ community agents, emerging fit for my future neighbourhood teams)
- Community enabling and demand management an intrinsic element
- Make use of local assets e.g. libraries

#### Benefits

- Delivery of community enabling/demand management strategy, approach and benefits
- Visibility in community, accessible locally
- Economy of scale benefits from joining up generic activity

### 3.1.7. Single strategy/ approach to community-based demand management

#### Outline

Agreed strategy to managing demand across services and the wider system

This includes assumptions, activity and target outcomes and impacts - and how this will be monitored and evaluated

#### Benefits

Investment in upstream work to reduce demand for services further downstream (applications, assessments, enforcement, delivery of services including commissioned spend)

### 3.1.8. Using one set of strategies to deprioritise/rationalise selected outcomes

#### Outline

- A shared strategy focussing on target outcomes and impacts that set direction
- A cohesive set of inputs and activities that deliver on target outcomes and impacts
- Genuinely prioritised and consolidated strategic priorities
- Clearly articulated strategic partnerships, programmes and key services

#### Benefits

- Financial planning and expenditure that is aligned to strategic priorities
- Outcomes that are consolidated, prioritised and measured to track progress and deliver results
- Investing in the right things and maintaining strong relationships with key stakeholders
- Opportunity to disinvest from lower priority areas

### 3.1.9. Joined up commissioning & procurement

#### Outline

- Commissioning cycles that identify the best model to deliver key services
- Elimination of duplication in commissioned services, care and delivery commissioned services (including both internal and external commissioning)
- Ensuring a smooth, consistent journey for customers where:
  - Services benefit from smaller scale or community based approaches
  - Complex issues cut across services
  - Delivery models are a blend of external commissioning and/or internal provision
- Commissioning services that work at scale (either internally or externally) across a wider scope of activity
- Visibility of major contracts across boundaries and a common approach to classification

#### Benefits

- Understanding when to drive value at scale and when deliver services closer to the community (often delivering benefits in the long-term through whole system)
- Capitalising on economies of scale across routine/transactional service offerings and delivery
- Commissioned work, both internally and externally, that responds to strategic priorities
- Improved value outsourced arrangements arising from well articulated contracts that are attractive to third parties

### 3.1.10. Integrated governance, democracy & programmes

#### Outline

- Single strategy, commissioning and performance team to support single set of strategies and strategic outcomes
- A shared PMO to manage and support programmes and programme management
- Alignment of frameworks and processes across these areas
- The right political member and electoral arrangements

#### Benefits

- Economies of scale and specialism
- High quality strategy, commissioning, performance and PMO resource
- Co-ordinated programmes that respond to strategic initiatives
- A golden thread of key services, partnerships and programmes that deliver the right outcomes for customers throughout Somerset
- An organisation that is close to its customers, and where local people and communities feel empowered, engaged and listened to.

### 3.1.11. Single commercial strategy (& delivery)

#### Outline

- Reasons for commercialisation and what that means for Somerset
- Defining risk appetite for shared commercial opportunities
- An explicit set of principles that define the scope of being commercial:
- Trade-offs and alignment against council plans and strategies
- Willingness to compete with local businesses and public sector organisations
- Operating within/outside Somerset

#### Benefits

- A shared understanding of purpose and priority
- A well-defined strategy that guides decision making and cohesive commercial activity
- The ability to share resources and expertise to unlock bigger opportunities across Somerset

### 3.1.12. Focused asset strategy & portfolio management

#### Outline

- Visibility of the current asset base across boundaries (value, income, expenditure, use)
- Genuine understanding of relevant costs and linkage to contracts
- A common approach to classifying assets to take a holistic view
- A single set of principles that set out when assets are acquired, invested in or developed, divested or disposed

#### Benefits

- Provision of balance between strategic priorities (driven through theme strategies and services plans) and commercial priorities (driven by a single commercial strategy)
- Rationalising operational properties

- Maximising impact and value for money in strategic assets
- Ensuring capacity for development and investment of existing assets in the right areas
- Improved financial returns and more opportunity to leverage capital

## Funding opportunities

### Outline

- Adopting an approach that maximises local government funding (e.g. collaborating to create a single voice that enables better negotiation for funding)
- Adopting an approach to business rates that maximises the retention of uplift (pilots, pooling etc.)
- Adopting an approach that minimises any opportunity costs of council tax harmonisation and maximises opportunity increase rates/base
- Adopting an approach that opens up opportunities for new grants, precepts or devolution funding

### Benefits

- Financial viability and sustainability
- Ability to meet higher net operating expenditure that in turn delivers for communities

### 3.2. Activity types

The table below details each of the activity types used in the activity analysis. The descriptions are not exhaustive but offers examples and insight to each activity type.

To Be Activity	Description
<b>Leadership, management &amp; supervision</b>	Leading, managing, team leading or supervising staff activity
<b>Strategy &amp; policy</b>	<p>Development of the corporate plan and target outcomes</p> <p>Developing or inputting to strategies based on political aims &amp; council/community need</p> <p>Writing strategy and high-level policy</p> <p>Input of functional/professional knowledge into development or changes to policies</p> <p>Customer and community engagement strategy development</p>
<b>Corporate performance management</b>	<p>Designing, developing and supporting the council's overall performance framework including the service and financial planning process</p> <p>Designing KPIs and useful measurements</p> <p>Internal, industry and external benchmarking</p> <p>Gathering/analysing/presenting information on corporate targets</p> <p>Designing interventions and initiatives to improve performance</p>
<b>Corporate governance &amp; compliance</b>	<p>Activity that ensures that the organisation is running effectively and in accordance with council rules and policies</p> <p>Analysis of risk, resources and roles, monitoring council processes and decision making; how rules and actions are achieved and held to account throughout the process</p>
<b>Strategic/corporate programme delivery</b>	<p>Managing or supporting corporate programmes &amp; projects that sit outside of 'business as usual' to deliver specific council targets e.g. construction of a leisure centre to achieve a health-related target</p> <p>Project management and PMO activity on corporate programmes</p>
<b>Commissioning, clienting &amp; contract management</b>	<p>Designing and commissioning the delivery of services either internally or externally</p> <p>Procurement of services through tendering or competitive bidding</p> <p>Implementing frameworks through which services can be procured</p> <p>Creating, executing and managing performance of corporate contracts</p> <p>Clienting services delivered by external organisations; using expertise to ensure standards are appropriately maintained</p>

<b>Communications, marketing &amp; engagement</b>	<p>Providing communications, marketing, social media or media work to internal and external customers</p> <p><i>Designing initiatives</i> to engage with customers and gather insight</p> <p>Liaising with PR companies</p> <p>Strategic marketing, brand promotion, communications plans, campaigns aligning messages and themes</p>
<b>Democratic support &amp; elections</b>	<p>Managing the running of elections and the democratic processes</p> <p>Planning the strategy for elections, including resourcing and logistics</p> <p>Providing member training</p> <p>Supporting members, committees and hearings</p>
<b>Community/ customer enabling</b>	<p>Preventative activity</p> <p><i>Delivering initiatives</i> that empower communities to take control of their own issues and create solutions - resulting in reduced or reshaped demand for public services. For example: training/education for licence holders to prevent future breaches; activity to strengthen communities and reduce local environmental and social problems</p> <p>Advising, supporting, educating or intervening earlier in the lifecycle of a potential problem</p> <p>Community engagement activities</p>
<b>Triage</b>	<p>Dealing with customer requests that are quick to resolve (i.e. take less than 15 minutes)</p> <p>Resolving other straightforward customer queries by phone, face-to-face, web or email</p> <p>Forwarding more complex cases to relevant officers or passing calls to other departments</p> <p>Directing customers to self-service channels (e.g. Online)</p> <p>Assisting customers with self-serve options (e.g. a mediated approach)</p>
<b>Mobile/locality working</b>	<p>Day-to-day activity that is based out in the community or a locality e.g.</p> <ul style="list-style-type: none"> <li>• Multi-disciplinary working to support enabling, prevention and management of demand</li> <li>• Resolving ‘place’ problems on the ground, monitoring standards, compliance, enforcement, enabling, prevention and site visits</li> <li>• ‘In field’ support to teams back at the office</li> </ul>
<b>Service processing (rule-based cases and accounts)</b>	<p>End-to-end handling of straight forward customer cases e.g. processing applications, requests, reports, payments, permissions and inspections</p> <p>Chasing customers for further information/documentation</p> <p>Case administration, updating back office accounts</p>

	<p>This activity usually includes following a set of rules to guide through the processing</p> <p>This activity may include cases with some complexity, handled by drawing on the expertise of a specialist (as opposed to handing the case over to a specialist)</p>
<b>Specialist</b>	<p>Providing expert input/advice to help customers, colleagues, members and partners</p> <p>Professional oversight and QA of how ‘technical’ work and practice is delivered across the council</p>
<b>Internal triage</b>	<p>Resolving internal customer queries by phone, face-to-face, web or email and dealing with straightforward service requests</p> <p>Forwarding more complex casework to relevant officers</p> <p>Directing internal customers to self-service channels via the intranet or portals</p>
<b>Internal service processing</b>	<p>End-to-end handling of straightforward internal customer cases</p> <p>Chasing stakeholders for further information/documentation</p> <p>Case administration and updating back office accounts e.g. processing applications, requests, reports, payments, permissions and inspections</p> <p>This activity usually includes following a set of rules to guide through the processing</p>
<b>Internal specialist</b>	<p>Management of complex or contentious internal customer cases that require professional expertise to make a judgement or decision</p> <p>Providing specialist or expert input and advice to customers, colleagues, members and partners</p> <p>Professional oversight and QA of how ‘technical’ work is delivered in support areas of the council (e.g. HR, finance, legal etc)</p>
<b>Service delivery</b>	<p>Delivery of core services out in the community e.g. collecting refuse, sweeping streets, leisure centres, museums, art galleries, domiciliary care, schools</p> <p>Any office-based administrative work that supports delivery of these core services should be better defined by one of the above options e.g. collecting a missed bin would be service delivery, but the processing of the missed bin phone call and passing to operatives would usually be triage</p> <p>These services are typically dealing with a high volume of customers in a less personalised way i.e. collecting all the bins on a round as opposed to handling an individual customer’s housing application</p>

### 3.3. Data tracker

Information requested and returned from each authority was as follows:

Authority \ Data Package	North Somerset	BANES	South Somerset	Mendip	Sedgemoor	Taunton Deane	West Somerset	County
Corporate Plan	Received							
Customer Feedback and Insight	Received	Received	Received	Not available	Received	Received	Received	Received
Quarterly Performance Report	Received	Received (minor issues)	Received	Received	Received	Received	Received	Received
Establishment Data	Received	Received (major issues)	Not requested	Received (major issues)	Received	Not requested	Not requested	Received (major issues)
Organisational Structure	Received (minor issues)	Received	Not requested	Received	Received	Not requested	Not requested	Not received
Pay Policy	Not requested	Not requested	Received	Received	Received	Received	Received	Received
Organisation Change Policy	Not requested	Not requested	Received	Received (major issues)	Received	Received	Received	Received (major issues)
Redundancy Calculation	Not requested	Not requested	Received (minor issues)	Received (major issues)	Received (major issues)	Received	Received	Received
Pay Scales	Not requested	Not requested	Received	Received	Received	Received	Received	Not received
Pension	Not requested	Not requested	Received	Received (minor issues)	Received	Received	Received	Received
Revenue Budget Book	Received	Received	Received	Received (minor issues)	Not received	Received	Received	Received
MTFS	Received	Received	Not received	Received (minor issues)	Not received	Received	Received	Received
Contracts Register	Not requested	Not requested	Received (minor issues)					
Supplier Payments	Not requested	Not requested	Not received	Received (minor issues)	Received	Received	Received	Received
Member Costs	Not requested	Not requested	Received	Received	Received	Received	Received	Received
Member Expenses	Not requested	Not requested	Received	Received	Received	Received	Received	Received
Election Costs	Not requested	Not requested	Received	Received	Received	Received	Received	Received
Election Turnout	Received	Received (major issues)	Received	Received	Received	Received	Received	Received
Delivery Models	Not received	Not received	Received	Received	Received	Not received	Not received	Not available
Project Register	Not requested	Not requested	Received (minor issues)	Received	Not available	Received (minor issues)	Received (minor issues)	Received (minor issues)
Asset Register	Received	Not received	Received (minor issues)	Received	Received	Received (minor issues)	Received (minor issues)	Received (minor issues)
Asset Strategy	Not requested	Not requested	Received	Received	Not received	Received	Received	Received (major issues)
Quarterly Asset Monitoring Report	Not requested	Not requested	Not available					
Efficiency and Cost Savings Plan	Not received	Not received	Received	Received	Not received	Received	Received	Received
List of town and parish councils	Not requested	Not requested	Received	Received	Not received	Received	Received	Received
Annual Precepts	Not requested	Not requested	Received	Received (major issues)	Not received	Received	Received	Received
Tech Request	Not requested	Not requested	Received	Received	Received	Received	Received	Received

## 3.4. Data request guidance

### 3.4.1. Corporate plan

Most recent version of the council's published 4-year corporate plan outlining political leadership's vision, strategic themes and objectives.

### 3.4.2. Customer feedback and insight

Any recent reports on customer feedback or insight that give context to the local community and their priorities.

### 3.4.3. Quarterly performance reports

Previous 4 quarterly performance reports (corporate performance reported to a member body on relevant KPIs).

### 3.4.4. Establishment data

In order to understand what data Ignite requires it's important to first understand what is fed into the activity analysis model. There are a number of formats which are appropriate and we want to make it as easy as possible for each authority depending on the budgeting approach and IT systems.

#### What we need from you

Typically we require the following information for every post across the organisation. For each organisation this needs to include:

- In house employees
- Wholly owned company
- Shared services **hosted** by the authority

Outsourcing arrangements and shared service arrangements not hosted will be picked up through non-staffing analysis.

#### Establishment data content

We require the following to analyse staffing:

- Staffing **budget** (not actuals or payroll). Typically this is a straightforward FTE and cost budget associated with each post (and this will be reflective of the fully-burdened staff cost and include vacancies)
- Unique identifiers for each post (usually referred to as a Post Number or Post ID)
- A cost centre for each budgeted post (where the associated costs/FTE may be split across more than one cost centre; data with duplicated post numbers is not uncommon)
- A column for that shows where the post sits in the organisational chart if not obvious from the financial data
- Details of funding; funding received from other authorities in Somerset are particularly important here. We need a column for each source of funding to indicate the amount; typical sources we have in columns include:
  - External grant income
  - HRA recharges
  - Capital recharges

Details of funding may refer to a specific post, a number of earmarked posts or may be a general charge to a cost centre. We are relaxed about how the information is provided but we need to understand activity that is not impacting the general fund position of each authority as it stands.

#### Example 1

Some cost centres are dedicated to the HRA, where all staff costs are wholly recharged. Details of these cost centres can be provided so that Ignite can mark posts as effectively funded by the HRA.

#### Example 2

A DSG grant of £100,000 is received for school admissions. There are 10 full-time posts in cost centre A and 5FTE support school admissions, so the grant is accounted for by charging it to cost centre A. Ignite would need details of this charge so that a contribution of £20,000 DSG funding is attributed to the relevant 5FTE (or distributed across all 10FTE if the relevant 5FTE of activity is dispersed across 10FTE).

#### 3.4.5. Organisational structure

Organisational charts for:

- In house employees
- Wholly owned company
- Shared services **hosted** by the authority

#### 3.4.6. Pay policy

Most recent organisational pay/remuneration policy.

#### 3.4.7. Organisational change policy

Most recent organisational change policy.

#### 3.4.8. Redundancy calculation

Redundancy estimates for:

- In house employees
- Wholly owned company
- Shared services **hosted** by the authority

The redundancy calculation needs to contain the following essential details for every person in each of the organisations:

- Resource number
- Name
- FTE
- Directorate
- Service
- Post title
- Redundancy cost estimate
- Pension strain estimate (if applicable)

We appreciate that a range of other information may be provided as a result of calculating the above, for example the following are common (not essential):

- Age
- Length of service
- Total salary
- Weekly pay
- Age used for redundancy calculation (if capped)
- Years of service used for redundancy calculation (if capped)

#### 3.4.9. Pay scales

Pay scales for:

- In house employees
- Wholly owned company
- Shared services **hosted** by the authority

This defines the grades, SCP and associated salary amount within the organisation.

#### 3.4.10. Pension

- Details of the pension scheme and agreed terms for employee and employer contributions (word document)
- Details on calculating employer's pension contributions for staff enrolled (spreadsheet)

#### 3.4.11. Revenue budget book

Published revenue budget book for each authority, complete with all appendices.

#### 3.4.12. MTFS

- Medium Term Financial Strategy or Medium Term Financial Plan (spanning 5 financial years) for each authority
- Commentary on significant known changes to financial gap since publication (can use quarterly monitoring report is this the latest and most accurate known position)

#### 3.4.13. Contracts register

Register of all current contracts, commissioned activity, purchase orders, framework agreements and any other legally enforceable agreement entered into by each authority. A template is provided (Contracts register.xlsx), all fields are required.

#### 3.4.14. Supplier payments

Supplier payments

A list of transactions (actual) for:

- FY17/18
- FY18/19 to date

Transactions need to be classified by the following:

- Supplier name (other Somerset councils are particularly important)

- Supplier code
- Transaction amount (net of VAT)
- Directorate
- Service
- Cost centre charged to
- Budget code charged to
- Subjective (description/code)

### Budgets

A report of the budget for every budget code/cost centre to which expenditure is charged (i.e. so that overspends and underspends can be compared through supplier payments as above).

#### 3.4.15. [Member costs](#)

Budgeted salary costs for Members of the authority (inclusive of on-costs) - see section Establishment data 3.4.4 above for guidance on gathering salary data.

#### 3.4.16. [Member expenses](#)

Budgeted costs for all Member related expenses and corporate training.

#### 3.4.17. [Election costs](#)

Spreadsheet of budgets for elections (casual/overtime budgets and expenses).

#### 3.4.18. [Election turnout](#)

Local election turnout at the previous two local elections.

#### 3.4.19. [Delivery models](#)

A simple list of any other companies or organisations the council has interest in (spreadsheet):

- Organisation name
- Organisation type. For example:
  - Trust
  - Teckal
  - Local authority trading company
  - Public service mutual
  - Joint venture
- Terms of reference/key activities

#### 3.4.20. [Project register](#)

List of projects underway in the authority (use attached Project template.xlsx); IT transformation and related projects is particularly important. All fields are required.

#### 3.4.21. [Asset register](#)

Use attached template to provide an in-depth asset register (Asset register template.xlsx).

#### 3.4.22. [Asset strategy](#)

The authority's most recent published asset (management) strategy.

### 3.4.23. Quarterly asset monitoring report

Quarterly asset management report for:

- FY17/18 quarter 4
- Last available quarter (FY18/19 quarter 3 if possible)

These reports typically detail:

- Progress referring to both the overall current financial year and the quarter
- Status of the asset portfolio (occupancy, occupancy strategy, explicit statements regarding divestment/disposal/acquisitions, impact on portfolio performance)

### 3.4.24. Efficiency and cost savings plans

A spreadsheet of existing savings, efficiency and income plans that are planned or expected. Use attached template (Efficiency plans template.xlsx).

It's important that we capture proposed improvement to net position in the same way across councils. We need to treat FY18/19 as a baseline and measure the proposed reduction in annual budget.

#### Example

Team X have a budget for £100K a year to spend on Y. Team X proposes to reduce this annual expenditure to £50K. This change is expected to come into effect half way through FY19/20. There is therefore a benefit of £25K in FY19/20, rising to a maximum of £50K in following financial years (see example in Efficiency plans template.xlsx).

#### Spreadsheet guidance

Column header	Staff costs
Directorate	Directorate to which the plan applies needs to be captured in each row.
Service area/team	Service area/team to which the plan applies needs to be captured in each row.
Savings initiative	Brief description/title.
Budget book reference	Reference to the budget within the current year budget book to which the plan applies.
Annual gross spend (as is)	The current annual revenue expenditure relating to this opportunity. <b><i>This is always a positive value.</i></b>
Annual income (as is)	The current annual revenue income relating to this opportunity. <b><i>This is always a negative value.</i></b>
Annual net income/ expenditure (as is)	The current annual net position relating to this opportunity ( <b><i>automatically calculated, no input required.</i></b> )
Saving (improve net position) FY XX/XX	A <b><i>positive</i></b> value that represents the savings as described in the example above. This is the in year amount that is proposed as an improvement to the net income/expenditure (as is). It can be delivered through reducing costs, increasing revenue or both. An entry is

	required for the current financial year and the next four full financial years.
Status	Current status in terms of likelihood to deliver the earmarked savings. 0%=no savings predicted over 5 years 100%=saving identified in each financial year certain
Weighted saving FY XX/XX	The weighted opportunity is the product of the saving and status ( <i>automatically calculated, no input required</i> ).
Plan summary	A brief overview of the opportunity including timeframes, dependencies and in particular any one-off revenue and/or capital costs required to deliver the opportunity.

#### 3.4.25. List of town and parish councils

List of town, parish and other organisations of delegated authority operating under the authority.

#### 3.4.26. Annual precepts

- Budgets for payments to town, parish and other organisations of delegated authority above (if not included in supplier budgets as per section 3.4.14)
- Annual precepts to town, parish and other organisations of delegated authority

### 3.5. Example asset classifications

The following are examples of how assets across a portfolio can be classified to enable best practice and informed decision making. Each asset is assessed against the following classifications, which are not mutually exclusive:

Classification	Definition
Operational	The asset is used by the authority's staff, contractors or partners to support deliver core services. For example: <ul style="list-style-type: none"> <li>• Main office</li> <li>• Depots</li> </ul>
Statutory	The asset is used to deliver statutory services. For example, <ul style="list-style-type: none"> <li>• Main office</li> <li>• Depot used to store/maintain waste collection vehicles</li> </ul>
Strategic	The asset supports the authority's corporate plan and facilitates delivering on <b>explicit</b> strategic goals; for this reason it is considered of community value. For example: <ul style="list-style-type: none"> <li>• Community centres that support health and wellbeing in the community</li> <li>• Parks and countryside spaces that demonstrably improve place based targets</li> </ul>
Investment	An asset held for the primary purpose of generating a net surplus to the authority. For example: <ul style="list-style-type: none"> <li>• A warehouse with a commercial leaseholds that returns a positive income stream</li> </ul>
Divestment potential	There are options to divest the asset, reduce responsibility relating to maintenance of the asset or release a degree of control/ownership to third parties. For example: <ul style="list-style-type: none"> <li>• Agreeing upkeep of small open spaces or verges to be undertaken by town or parish councils</li> <li>• Using peppercorn rents to facilitate community groups that want to take on more ownership</li> </ul>
Development potential	There are options to significantly develop the asset to increase its value: For example: <ul style="list-style-type: none"> <li>• Land for which planning permission for new homes or industrial units may be obtainable</li> <li>• An ageing or under-utilised asset that could benefit from upgrading</li> </ul>