

*Lancashire
Public Service
Delivery Model*
Interim Draft Report

9th January
2017

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1 *Executive Summary*

1.1 *Document Purpose*

This report was commissioned by Lancashire County Council (LCC) to articulate a vision for integrated and sustainable public service delivery across Lancashire. The whole of the public sector in Lancashire is under significant pressure financially and in delivering against key outcomes. This document sets out a rationale and approach for an integration of public services that will improve the experience for citizens when accessing services, reduce cost and above all provide a platform for improving health and prosperity for Lancashire.

In addition to presenting the financial and non-financial benefits of working as an integrated public services model, the document also presents an impact assessment setting out the benefits for partners including upper tier authorities, District Councils and other wider public sector stakeholders. Delivering the proposals outlined in this document set out a potential vision for public service integration. The vision will require consultation and negotiation with partners from across the public sector to arrive at a final shared vision.

1.2 *Drivers for Change*

At a county level, the public finances in Lancashire are significantly stretched with recent performance data (June 2016) showing four of the six NHS providers in Lancashire & South Cumbria posting a deficit. Lancashire Constabulary has had to make budget savings of £53.4m over four years since the 2010/11 spending review. In total the Local Authorities have lost 27% of their spending power between 2010/11 to 2015/16.

Following a review by PwC of LCC's statutory services budget (Statutory Services Budget Review, Sept 16) the Council is forecasting a cumulative deficit of £398m by the end of 2020/21. It also found that even if the Council was to reduce its expenditure to the level of lowest quartile within the term of this financial planning period it would still be facing an in year deficit of £79m and a cumulative deficit of £227m by 2020/21. The Council has been drawing on its reserves to plug the financial gap. On the current trajectory, these will be exhausted by 2018/19.

The financial challenge faced across the public sector is compounded when looked at as a whole due to the degree of co-dependence across the various agencies and local authorities delivering services across the County.

The current delivery model is under strain due to the increasing numbers of people presenting with acute issues that could have been addressed earlier if the system was designed to focus on prevention. The current model is unsustainable and will not achieve the desired outcomes moving forward. Integrating public service delivery across public sector organisations provides the best opportunity to move closer to a sustainable financial position, to improve the outcomes for citizens and to enable Lancashire as a county to achieve its aspirations for growth and prosperity into the future. What is fundamentally clear is that doing nothing will only worsen the situation and leave the citizens of Lancashire facing an uncertain and highly vulnerable future. In sharing its budget challenges with government, Lancashire County Council has been tasked with formulating radical and creative solutions that would contribute to creating a sustainable financial position into the future. This document presents a vision for the integration of public services that if realised would see public sector partners across Lancashire taking a leadership role and setting the public sector transformation agenda.

1.3 *The Future Public Service Delivery Model*

The future Public Service Delivery Model has been designed to integrate service delivery across all public services. The model proposes a number of new delivery vehicles to ensure that those organisations best placed to achieve the outcomes are leading the strategy and delivery agendas.

The model places the citizen at the heart of their communities to re-establish personal accountability for health and well-being.

The future Public Sector Service Delivery Model for Lancashire will require significant change across all stakeholders in Lancashire. The journey from present day to future state will see LCC and other Partners step into system leadership roles to deliver Public Sector Reform of an unprecedented scale in the county.

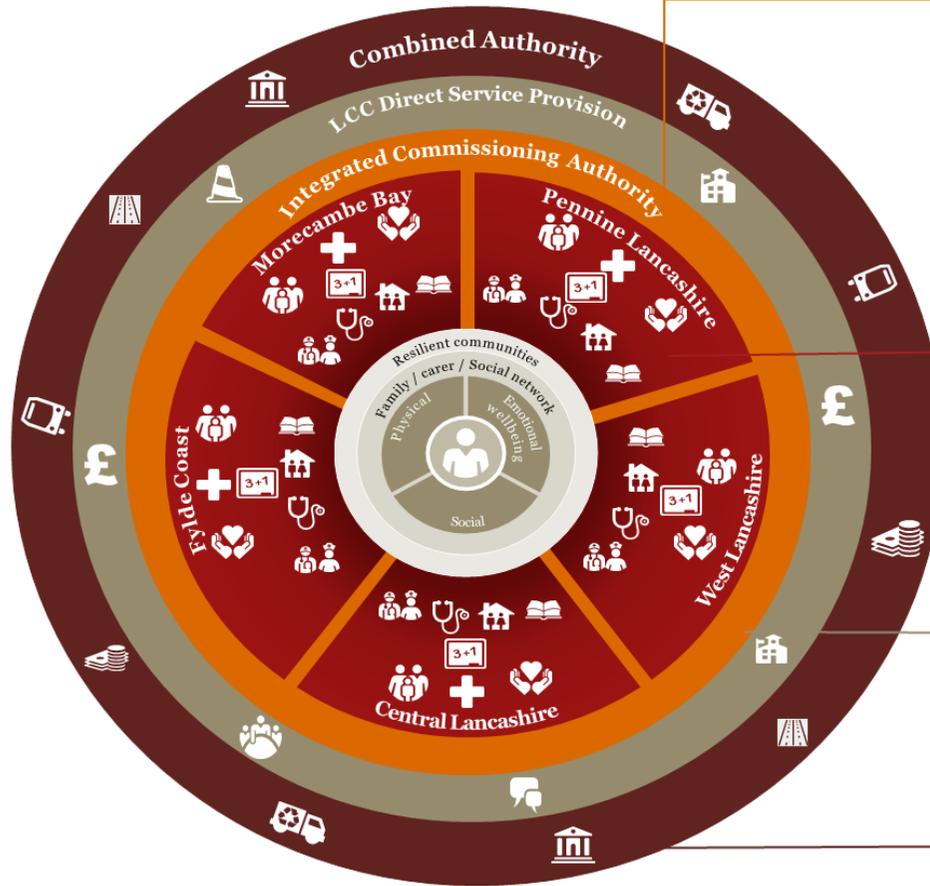
An overview of the future Public Service Delivery Model detailing the services in scope and the place from where they are proposed to be delivered from is presented below.

-  Cultural services
-  Waste Management
-  Strategic transport
-  Economic development
-  Public transport

-  Highways maintenance
-  Traded services
-  Education
-  Front Office
-  Professional & Support Services

-  GPs & other associated primary care services
-  Acute hospital services
-  Multi disciplinary community teams
-  Learning disabilities
-  Public Health

-  Libraries**
-  Schools**
-  Other services that feed into wellbeing corporation provided by districts, housing associations, police, fire, voluntary sector etc. **



**These services will sit outside of the formal Wellbeing Corporation organisation but will be integral to delivering wraparound services at an Identifiable Community level.

Lancashire & South Cumbria Integrated Commissioning Authority

- Governed and funded by Health and local government
- Allocates funding and sets strategic outcomes

Wellbeing Corporations x 5

- Responsible for the delivery of integrated health and wellbeing services to meet the outcomes.
- Serve populations ranging from 100k-500k.
- Owned and governed by local government and health.
- Delivers outcomes in Identifiable Communities.

Identifiable Communities

- Service delivery at a community level covering populations from 20-30k.
- Services delivered through Multidisciplinary Community Teams made up of Social Workers, Health Visitors, Physios, OT, District Nurses, VCS etc.

LCC Direct Service Provision

- Services where the County Council is best placed to deliver in the short term.
- Services include Traded Services where the Council makes a surplus, Highways Maintenance & Education Services.
- Retention of the Statutory Officers roles for the provision of strategic guidance in respect of service delivery.

Combined Authority

- Services delivered through the Combined Authority where county wide delivery makes sense as service levels not shaped by locality.
- Standard service offer for all covering a population of c1.4m. to achieve economies of scale.

1.3.1 Place and Identifiable Communities

The future model presents an opportunity for all public sector partners (including District Councils, Unitary Authorities, LCC, health, Fire and Police) to come together to integrate service delivery to deliver place based services that achieve the right outcomes for Lancashire.

Throughout this document there is reference to delivering services at an ‘Identifiable Communities’ level. Whilst many of the public sector organisations currently focus on pan-Lancashire strategies, many of our citizens do not associate with this. Identifiable Communities generally focus across a population of 20,000 - 30,000 people, which is more easily recognised by residents in terms of the place that they live and raise their families. This is also the level at which universal services operate including schools, police, fire and also voluntary and third sector services. These local services are key to enabling a future where local communities are empowered to take responsibility for the wellbeing and prosperity of its people.

1.3.2 Health & Wellbeing

The next two layers of the model focus on the delivery of health and social care services. It is proposed that five new public entities, or Wellbeing Corporations, are established for Lancashire and South Cumbria using the footprint identified in the Lancashire and South Cumbria Sustainable Transformation Plans (STP). The intention would be for these Wellbeing Corporations to commission and deliver services to local communities supported by a complementary wrapper of universal services including schools, fire, police and housing. They would be jointly owned across public sector partners from health and local government. Each would have a single workforce delivering across all services and be responsible for achieving the outcomes set out by an Integrated Commissioning Authority.

A number of the services delivered by District Councils would also be key to making the proposed model successful, for example by ensuring that the prevention agenda that underpins community cohesion and safety remains at the forefront of the local community agenda. As the Identifiable Communities will be integral to providing the first line of community resilience, it is expected that the Wellbeing Corporations will have a key focus on building capacity and local engagement within these communities.

Sitting above the five Wellbeing Corporations would be a single Integrated Commissioning Authority for Lancashire and South Cumbria. This entity would hold the pooled budget delegated from the various funding streams from across the public sector and would allocate budget to each of the five Wellbeing Corporations based on need. Each of the Wellbeing Corporations would be required to operate within its designated budget.

1.3.3 LCC Direct Service Provision

There are a number of services where the County Council remains best placed to lead the delivery in the future. This includes services like Highways Services where there is a strong link to democratic accountability at a County level or where the Council has established trading relationships, where the future plan will be to focus on growth. The core democratic role of the 84 County Councillors will remain together with the role of the statutory officers, which will require ongoing support from the Council’s democratic core.

1.3.4 Transferred Services

A number of services that would be best delivered at a County level are proposed for transfer to the Combined Authority once it is established. For example, a more co-ordinated focus on economic development and regeneration across the county will help to address unemployment and underemployment in areas of deprivation. The Combined Authority is currently operating in shadow form with a policy and strategy remit. The proposed transfer of services could not be enabled until the authority was constituted to enable it to undertake service delivery.

1.3.5 Front Office

An early priority for the Council in terms of optimising its directly provided functions will be to rationalise the number of contact options to achieve a substantial reduction in phone numbers and email addresses used by citizens to access public services. This will capture both its directly provided services and the wider public sector services where it is proposed that the Council provides a Front Office service - e.g. to the Wellbeing Corporations. There will also be a focus on implementing a ‘single view of the customer’ strategy that will see investment in data management tools, which will enable staff in the Front Office to view customer information across the range of public sector services.

1.3.6 Professional & Support Services

Professional & support services will be optimised by having more standardised ways of working, in particular the better use of existing technology. Some of these services will be considered for wider public sector provision, e.g. Professional Corporate Services being provided to support the new wellbeing corporations.

1.4 Benefits for Citizens

All public services ultimately exist to serve their communities and their citizens. A key driver in establishing the future Public Service Delivery Model is to place the citizen at the heart of the delivery agenda whilst also empowering and enabling local communities towards independence. The new model will make accessing information easier with an integrated Front Office and access to information that clearly signposts people to the right service at the right time.

Citizens will be able to access Public Sector services in a simplified manner. Self-service options including access to information will make services available on a 24/7 basis. Members of staff will have access to a holistic view of the customer, compiled from multiple sources of information and supported by a complete history of the customer's interaction with the future organisation, allowing them to offer a high quality customer experience and resolve multiple enquiries through a single contact, accelerating the delivery of outcomes.

Overall, the focus will be on simplifying access to information with an emphasis on helping people and communities to help themselves before crisis occurs. The driver will be to improve access earlier to avoid increasing demand for acute services.

1.5 Democratic Accountability

The future Public Service Delivery Model will be underpinned by the need to develop and maintain effective governance across its constituent parts. Each of the delivery partners will have their own unique requirements that will need to be factored into the design of the future governance arrangements. For example, the regulatory requirements for local government will differ from the requirements for health partners and all will be subject to negotiation and accommodation.

Some of the elements of the model will require little or no change. For those services being delivered directly by LCC the existing democratic accountability and scrutiny processes will likely continue. Similarly for the Combined Authority, a good deal of work is already underway to develop the future governance structures and these will need to be adapted to ensure that for any services transferring that the appropriate accountability and scrutiny is established.

The area of significant change relates to the Health and Wellbeing agenda and LCC has begun to develop its thinking around what the governance arrangements for this might look like at both an Integrated Commissioning Authority level, where the funding authorities will take the key leadership and decision making position, and for the Wellbeing Corporations. The summary table below describes the anticipated membership and governance principles for each element of the Public Service Delivery Model (PSDM). This demonstrates that establishing clear democratic accountability including voting rights on the various boards will be front and centre of the new model. For example, the LCC preferred view for the Integrated Commissioning Authority is that the casting vote would sit with an Elected Representative. This will form part of the consultation across all partners that will determine the design for the new organisation in the next phase.

Determining the most appropriate organisational form and structure will be key, with the risk sharing arrangements within the system being clarified early in order to determine the criteria that will underpin the success of the Wellbeing Corporations and to clearly state what would happen in the event of failure. A clear and robust performance management framework will need to be established that includes indicators around performance trajectory to enable dips in delivery performance and potential failure to be identified and managed early. The Integrated Commissioning Authority would have the authority to put a Wellbeing Corporation into special measure via a monitoring plan. Depending on the degree of failure they could also terminate the contract. The accountability for statutory duties would continue to rest with the sovereign authorities.

PSDM Element	Anticipated Membership	Governance Principles
Lancashire & South Cumbria Integrated Commissioning Authority	<ul style="list-style-type: none"> The membership of the Integrated Commissioning Board will consist of the following: <ul style="list-style-type: none"> Local Authority (County Council & Unitary) NHS Commissioners (or other DoH representative) Distribution of voting rights will need to be determined based upon an agreed framework. 	<ul style="list-style-type: none"> The Integrated Commissioning Authority is the source of funding for the Wellbeing Corporation. Pooled budget funded by Upper Tier Authorities, NHS England and CCGs. It will have the responsibility to allocate resources to each of the 5 delivery organisations across the County based on need. The Integrated Commissioning Authority sets the strategic outcomes for the health and social care system as whole.
Wellbeing Corporations	<ul style="list-style-type: none"> Each Wellbeing Corporation Board will consist of representation from current organisations: <ul style="list-style-type: none"> Upper tier local authorities District Councils Acute Trusts Primary Care Community NHS providers (where community services are not already delivered by the Acute Hospital) Mental Health Trusts Distribution of voting rights will be determined based upon an agreed framework. Funding authorities (upper tier & health representatives) have casting votes/veto on key budgetary decisions. 	<ul style="list-style-type: none"> Each Wellbeing Corporation (WBC) will be a new public sector entity, to be held accountable by the Integrated Commissioning Authority & regulators for the delivery of a single outcomes based contract. Each WBC will be overseen by a supervisory board and managed by a team of executive directors. It will deploy directly employed and commissioned resources for locality and neighbourhood teams. Responsible for putting in place delivery arrangements at the level of Identifiable Communities to deliver mandated outcomes specified by the Integrated Commissioning Authority. Engagement models to be developed locally to include local elected representatives, police, fire, GPs, schools etc, to support and inform Wellbeing Corporation delivery and decision making.
LCC Direct Service Provision	<ul style="list-style-type: none"> The Governance arrangements for services provided directly by LCC will stay as is, with the 84 County Councillors in Lancashire County Council. 	
Transferred Services	<ul style="list-style-type: none"> The Governance arrangements for Transferred services will develop alongside the governance for the Combined Authority. 	

1.6 Case for Change

The future model has a range of both financial and non-financial benefits. The financial benefits will deliver savings against existing budget forecasts and also support and reduce the risk of planned savings. These savings relate to both the County Council and across the wider public sector in Lancashire. Non-financial benefits are those that will support the delivery of strategic outcomes in relation to Wellbeing, Place and Prosperity.

A summary of the estimated gross benefits in relation to each area of the model is set out in the table below. These benefits relate not only to LCC but to the other bodies that services will be transferring to:

Table 1 - System-wide gross annual benefit for each area of the model

Component of the Model	Gross Annual Benefit (Steady State) £m
Wellbeing Corporations	46
Front Office	4
Professional and Support Services	3
LCC Direct Service Provision	-
Transferred Services	4
Total	57

These financial benefits are above and beyond any savings that have already been identified by Lancashire County Council or other public sector partner organisations, such as those identified through Medium Term Financial Planning, Newton Europe's assessment of Adult Social Care services, or the development of the Sustainability and Transformation Plan (STP) submission for Lancashire and South Cumbria.

In addition to these savings, the future model will play a significant part in supporting savings plans contained within the STP financial submissions and plans within LCC Adult Social Care. *There is a significant risk that these savings would not be delivered within the current ways of working.* The table below shows the significant planned savings that have been submitted across health and local government.

Table 2 - Significant planned savings submitted across health and local government

Component of the Model	Gross Annual Benefit (Steady State) £m
Lancashire and South Cumbria STP Submission	109.6
Newton Europe's Adult Social Care Assessment	23.6
Total Gross Annual Benefit	133.2

Table 3 - Revised financial forecast for LCC

£m	2017/18	2018/19	2019/20	2020/21
LCC Net expenditure	763	763	763	763
Uplift cumulative		47	98	151
Total expenditure	763	810	861	914
Transfer of costs – Combined Authority*	-	(62)	(65)	(70)
Transfer of costs – Wellbeing Corporations*	-	-	(573)	(616)
Expected LCC Direct Service Provision savings	1	(0.5)	(23)	(29)
LCC Direct Service Provision Expenditure	764	747	200	199
Total Income	(715)	(726)	(743)	(766)
Transfer of funding - Combined Authority	-	62	62	62
Transfer of funding - Wellbeing Corporations	-	-	573	546
Revised LCC Direct Service Provision Income	(715)	(664)	(108)	(158)
LCC In-year surplus/(deficit)	(49)	(83.5)	(92)	(41)
LCC Cumulative surplus/(deficit)	(49)	(132.5)	(224.5)	(265.5)
Current MTFS Forecast i.e. “Do Nothing” Scenario:				
<i>LCC In-year surplus/(deficit)</i>	(48)	(84)	(118)	(148)
<i>LCC Cumulative surplus/(deficit)</i>	(48)	(132)	(250)	(398)

Table 3 shows that even with the implementation of the new model LCC would still be required to make savings to its retained service delivery budget and by 2020/21 a deficit of £41m is forecast, albeit reduced from the currently forecast deficit of £148m, with a balanced position not predicted until 2022/23. This reduction in the 2020/21 deficit is comprised of a number of savings elements as outlined below:

- £27m reduction in funding to the Wellbeing Corporations, linked to forecast savings;
- £3m of savings delivered in relation to front office transformation;
- £3m of savings delivered in relation to professional and support services;
- £23m of savings delivered in relation to LCC direct service provision, equivalent to a 10% reduction in the residual LCC Direct Service Provision annual expenditure; and
- £51m of cost and demand pressures that have been transferred from LCC to the Wellbeing Corporations.

Based upon these forecasts, the Council would need transitional funding of approximately £35m in 2018/19 to support the implementation of the future model, with approximately a further £150m of funding required over the following three years (2019-2022) to sustain the model. This is predicated on LCC achieving existing year on year savings that are factored into the MTFS and additional transition funding may be required should these savings not be achieved and or if demand or cost pressures cannot be contained during the MTFS period.

Should the system realise the savings outlined within this business case, a breakeven position is forecast from 2022/23. The total amount of transitional funding therefore required is approximately £190m. It is important to note that although the deficit for the directly delivered service element of the budget is greatly reduced, a deficit will still exist across the wider public sector system that will need to be managed. This will be much reduced compared to current forecasts under a 'do nothing' scenario, however a system-wide deficit of circa £80m is still projected in FY 20/21, rising to as much as circa £200m in FY 22/23 once additional demand pressures are accounted for and based on the latest available financial information. The bulk of this remaining deficit will sit within the Wellbeing Corporations and it assumes that the target savings outlined in the Lancashire and South Cumbria STP submission will be fully realised and a breakeven position realised across the health economy by FY 20/21. This remaining deficit will need to be addressed through a combination of further demand management as the Wellbeing Corporations mature, ongoing operational efficiencies, potential reductions in current service levels and offer and/or increases to the funding base through local precepting or central government top-up funding.

As a part of the Statutory Services Budget Review, it was determined that the County Council needed to consider whether "the current funding model of the Council disadvantages the place of Lancashire and disproportionately contributes to the Lancashire funding gap". The projected figures for the new model demonstrate that this consideration is still applicable and that a revised funding formula for Local Government and Health may be required to provide long-term financial sustainability.

The benefits of the model are not only linked to financial savings. The model will contribute to the Wellbeing agenda through the Wellbeing Corporations and more of a focus on prevention and proactively keeping people healthy and well for as long as possible. The focus of services around Identifiable Communities will help to direct service provision better and contribute to desired outcomes in areas such as Community Safety. The transfer of some services such as Economic Development to the Combined Authority will support a more strategic Lancashire wide approach to issues such as attracting inward investment to underpin strategic objectives around prosperity.

1.7 Transformation Roadmap & Next Steps

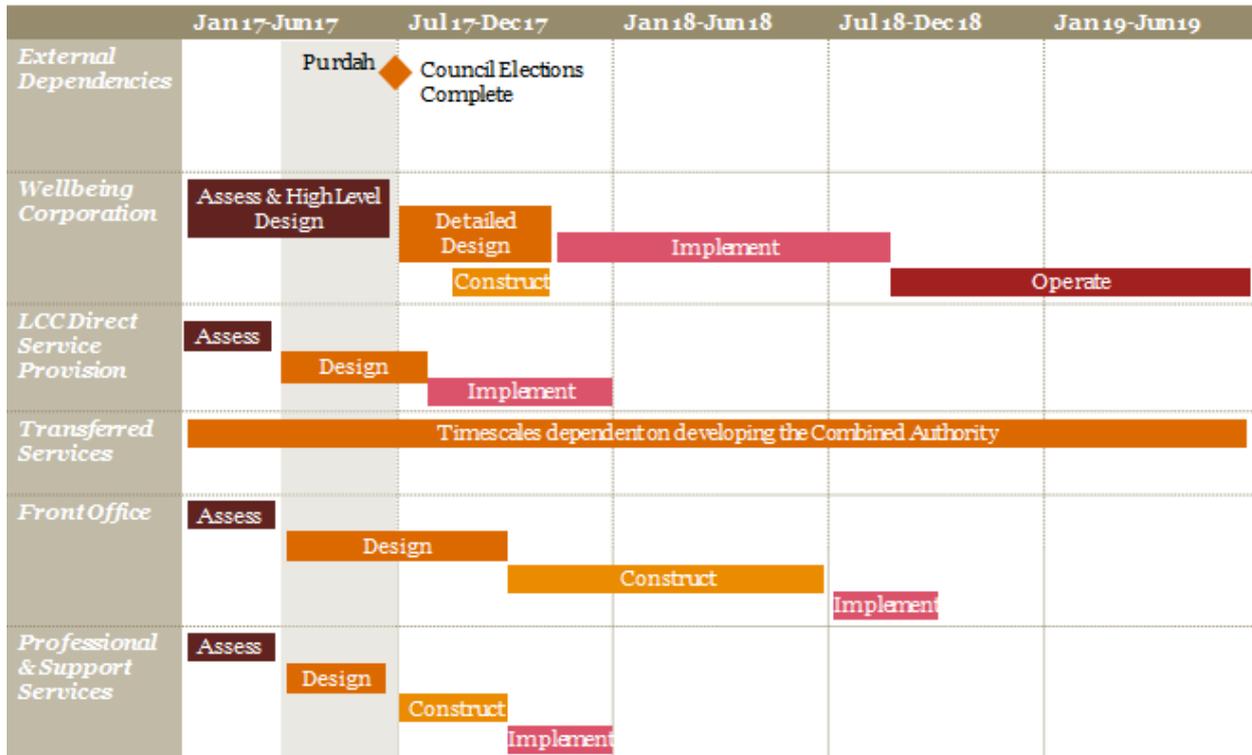
The timeline has been constructed to reflect the LCC financial challenge and the timescales that would need to be met to deal with LCCs financial position as set out in Statutory Services Budget Review report published in September 2016. For the purpose of this document, the next steps assume that January 2017 through to June 2017 will be focused on the engagement of partners to secure buy-in for the new model followed by the establishment of strategic task and finish groups in order to reach a consensus on the organisational form and governance requirements for the new integrated health and wellbeing organisations. By July 2017 the Business Case would be updated following the stakeholder engagement when there is a clearer picture of who is willing to work within the new service delivery model. Also, by this time the new administration for LCC will be in place and established. This is the point at which the respective Elected Representatives from across all of the democratically elected partners and respective governing bodies from partners outside of local government would be asked to validate the updated Business Case and select a preferred organisational form and governance structure. The financial analysis set out in section 9 of this report has been underpinned by this timeline.

The complexity of the transformation towards the future Public Service Delivery Model is such that the journey to end state will likely take place over a 3-5 year transformation timeline. Whilst some of the elements such as those services that will continue to be delivered directly by LCC into the future are less complex, there will remain a significant amount of work to complete to ensure that efficiency is maximised and that the Council is able to realise early savings to contribute to its ongoing budget deficit. This will be similar for those services being transferred to the Combined Authority where service optimisation will form a key part of preparing these services for transfer.

The early priorities for the health and wellbeing element will be:

- Engagement, consultation and negotiation with public sector partners to arrive at an agreed set of principles in advance of arriving at a position on the future model and proposed organisation form for the new entities;
- Agreement on how democratic accountability will be maintained in the new model; and
- The governance framework including voting rights by early summer 2017. This in itself will require extensive engagement across a complex partner landscape and will be the precursor for democratic decision making followed by public consultation.

The high level transformation plan is detailed below.



2 Background and approach

2.1 Background and context

2.1.1 The current landscape

The public sector in Lancashire is a complex landscape with numerous delivery partners. Across the county there are 15 Local Authorities, five Hospital Trusts, six Clinical Commissioning Groups (CCGs), a Community Health Trust, Fire and Police Authorities, local GPs and community-based support provided by a number of charity and 3rd sector bodies.

Access to services for citizens is complicated and can be confusing with many points of contact across the various public sector organisations. It is often not clear where services are provided from and links between different public bodies is often poor, which results in citizens having to navigate their way through a maze of complexity.

Many of the services delivered are often felt as detached from local communities, remote and not tailored to local needs. Information on how, when and why services are being delivered is fragmented and often not gathered at all. Data sharing across organisations as a matter of course is not established as part of the overall delivery system. Organisations often interact with customers on a transactional basis i.e. as a one off interaction, rather than through building up a picture of the citizen to better understand their current and historic service, which could then be used to predict likely future demands.

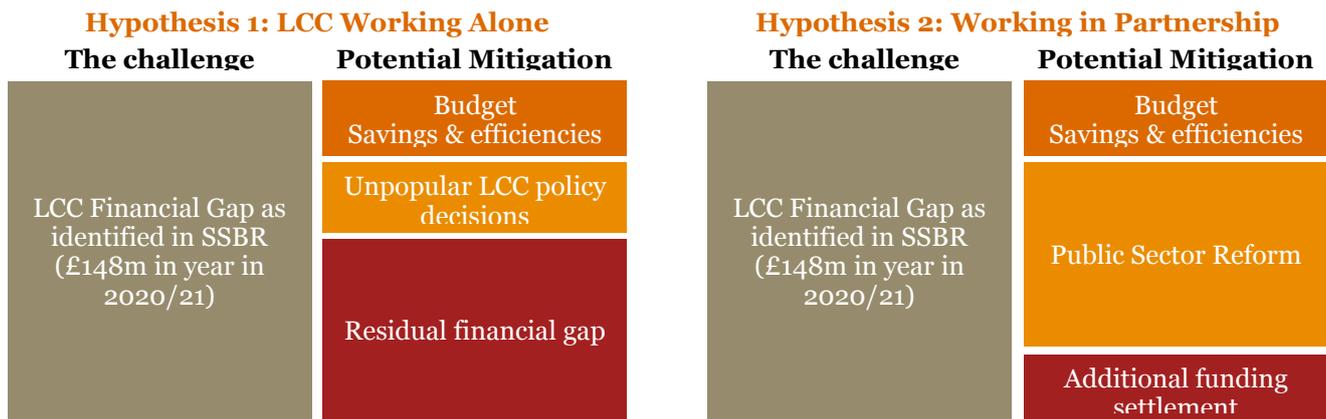
From an organisational perspective, support services are often duplicated across the public sector with each body having its own professional and support services processes working independently of each other. This not only adds cost but also undermines the creation of business intelligence to gain a single view of the customer which in turn undermines the ability for delivery organisations to focus on prevention. The proposals for change set out in this document are designed to address the issues currently faced by citizens and public sector partners by ensuring that services are delivered from the right place, at the right time and that information sharing underpins and informs the prevention and demand management agendas.

2.1.2 The financial challenge

The whole of the public sector in Lancashire is under significant pressure both financially and in terms of delivering against key outcomes. This is particularly evident in health and social care where there is an increasing trend of people receiving hospital care rather than social care, which is increasing cost within the overall system and negatively impacting on health outcomes for the county.

At a county level the public finances in Lancashire are significantly stretched. Quarterly health provider performance (as of June 2016) showed four of the six NHS providers in Lancashire & South Cumbria posting a deficit. Lancashire Constabulary has had to make budget savings of £53.4m over four years since the 2010/11 spending review. In total the Lancashire Local Authorities have lost 27% of their spending power between 2010/11 to 2015/16. The financial challenges faced by each organisation is compounded when looked at as a whole and has knock on implications for other public sector bodies in the county.

The diagram below summarises the Lancashire County Council (LCC) financial position, identified during the Statutory Services Budget Review (SSBR) and potential mitigations.



The financial status of the Council is such that working alone to optimise services and deliver efficiencies will not plug the financial gap. This scenario would see reductions in services, difficult policy decisions and potential breach of the Council’s statutory duties.

Working in partnership with other public sector organisations provides the best opportunity to move closer to a sustainable financial position. Working across partners and choosing the most appropriate delivery vehicles will result in greater savings although even this may not fully address the gap, and the future delivery vehicles will need to make choices about what can and can’t be provided across the system. There is a longer timeline to delivering this degree of public sector integration and transitional funding from government will be required to bridge the financial gap.

Demographic shifts & health outcomes

Like the rest of the UK, Lancashire has seen large scale demographic shifts. Lancashire County Council is the 4th largest Authority in England, with a population of 1.19m people, covering an area of 2,903 km². The diversity of geography for the county represents unique challenges for the provision of public services, from highly urbanised areas with large population densities, to rural areas with low population densities.

From 2014 to 2039, the population of the county of Lancashire is projected to grow by 4.5% to 1.54m people. This is well below the projected figure for the North West at 8.2% and the National figure at 16.5%. However, the future population profile will see the working age population declining from the year 2019. Not only is the population aging, but the proportion in older age groups is set to increase at a faster rate than those in the younger age groups over the next 25 years, with the over 65s representing 27% of the population in 2039. This will have implications for the collection of revenues from the working age population, as well as providing social care and support for an ageing population.

There is a wide disparity between levels of social, cultural and economic capital in Lancashire which manifests itself in health inequalities. The Joint Strategic Needs Assessment (JSNA) is a strategic assessment of the current and future needs of communities, which is performed on an ongoing basis. This helps the county to better understand the health and wellbeing issues of the population and plan forward to put in place interventions focused on improving health and wellbeing outcomes. The 2014 JSNA in Lancashire found the following:

1. People in deprived parts of Lancashire were seven times more likely to die early from illnesses associated with diabetes;
2. People in deprived parts of Lancashire were three times more likely to have poor mental health; and
3. Gaps in anxiety and depression, and early deaths for heart disease and stroke have narrowed, with rates in the most deprived parts of the population improving faster than the least deprived.

Whilst there have been some improvements since previous JSNA publications, there are still issues remaining. The Securing Our Health and Wellbeing report (2016) published by LCC confirms that whilst life expectancy at birth for both males and females has been increasing in Lancashire, the gap between the female life expectancy compared to the national average is widening. Healthy Life Expectancy has also been decreasing since 2009 and is significantly worse in Lancashire than the England average.

A lot of the determinants of poor health and wellbeing lie beyond the direct influence of the health sector, and are caused by a myriad of socio-economic factors. These require co-ordination amongst a wider range of partners to address social inequalities and minimise the resultant health inequalities.

2.1.3 The context for the future Public Service Delivery Model

In the context of the Council looking to improve its strategic outcomes and addressing its financial challenge, it has commissioned PwC to review its current operations and co-design a new Public Service Delivery Model. The proposed new model places citizens at the heart of service delivery through a greater focus on achieving outcomes, Public Sector integration and the development of a place-based approach.

The journey to the new delivery model will involve significant transformation at an unprecedented scale both within the Council and across its partners. Changes of this nature go beyond organisational boundaries and significant cultural shifts will be required to make the changes sustainable in the long term. As such, the timeline for the change to be fully implemented is estimated between three and five years.

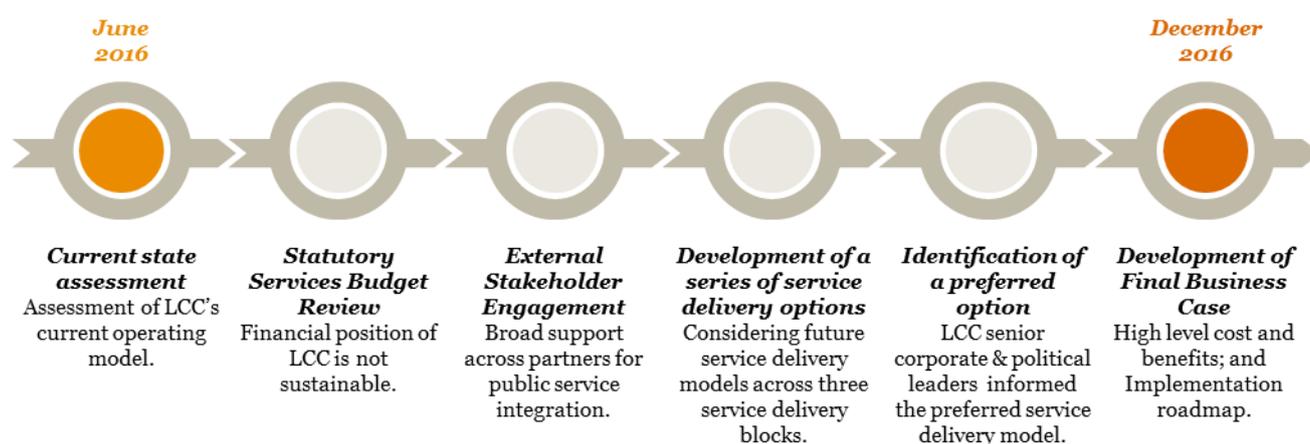
Broad support for increased public sector integration was evident at a meeting of public sector partners on 5th October 2016. This event was attended by senior representatives from across the public sector, including officers and elected representatives. The summary of the key points are below:

1. Lancashire County Council does not have enough money to continue delivering the minimum requirements to its citizens – the current financial position is not sustainable;
2. The solution requires partners to think beyond organisation boundaries and structures, with a focus on integration of service delivery to achieve better outcomes for the citizens of Lancashire; and
3. Joint leadership between organisations is critical to the future success of the model.

The outcomes of this session have been used to shape the proposals contained within this document. Overall, it was acknowledged that increased collaboration and partnership working across all partners delivering public services within the County will be the single underlying factor to drive forward the scale of change required.

2.2 Approach

The approach to developing the Future Public Service Delivery Model for Lancashire is set out below. It has involved a detailed analysis of the County Council's current delivery model and financial position as well as engagement across public sector partners.



An outline of each of the steps taken is detailed in Appendix 12.1. These steps are explained in more detail later in this document.

2.3 Data sources

A number of data sources has been used to inform the cost and benefit case. These have been taken from a mixed economy of Lancashire County Council datasets, publicly available data and PwC benchmarks. The full list of data sources can be found under Appendix 12.2.

3 Strategic context

3.1 The national context

Public sector reform has been a key policy for successive governments since 2010 as a response to reducing the national deficit and achieving improved outcomes. The past six years have seen a period of fundamental change for the public sector that has been characterised by an austerity agenda from central government, in order to reduce public expenditure. In the context of these financial pressures, many public bodies are having to examine how they will continue to meet their statutory duties. This in turn is requiring public sector bodies to both balance short to medium term cost pressures whilst focusing on a longer term strategic vision for change that enables ongoing economic prosperity and growth for local communities.

Demand pressures are impacting further on the public sector. Social and demographic changes across the UK mean that people are living longer and requiring more care and support. The care system was created, along with the NHS, after World War Two, when life expectancy was nearly 10 years shorter than it is now. The ability to provide quality, affordable care that ensures the dignity of those in the care system and enables demand to be shifted from high cost acute care to lower cost prevention is perhaps the greatest challenge the public sector faces in the coming years.

Customer expectations about the services they receive are changing and are increasingly being shaped by their experiences with other organisations, including the private sector. This will likely result in significant changes being required to service access and service delivery to meet the demands of local residents. For example, the ‘Digital Revolution’ has significantly changed the way customers interact with organisations, and the public sector to date has not kept up with the pace of digital change. The ubiquitous nature of social media means that residents are increasingly informed, influential and connected, and they expect their public services to respond accordingly.

In order to deliver sustainable public services which deliver good outcomes for citizens, and face the challenges outlined above, the government has launched a range of policy proposals designed to radically transform the public sector landscape. The 2011 white paper on ‘Open Public Services’ detailed the priorities below which have influenced the provision and delivery of public services:

1. Increasing choice and control to deliver personalised services tailored to an individual service user’s unique needs;
2. Opening services up to a wider range of providers through top class commissioning, social investment innovations and challenging the public sector to innovate in their business models;
3. Allowing local decision making and decentralising power to the lowest appropriate level by empowering neighbourhoods and communities;
4. Giving everyone fair access to public services; and
5. Making public services providers accountable to users and taxpayers for the quality of services and outcomes they achieve.

The 2015 Spending Review set out a number of policy proposals that would decentralise decision making and power to a more local level. By the end of the next parliament, Local Authorities will retain 100% of business rate revenues, and choose the best way to reinvest this. Whilst Council Tax increases were frozen at 1.99% except by public consultation, an additional social care precept of 2% has allowed Councils responsible for delivering adult social care to raise up to £2 billion pounds by 2019/20. The 2016 Spending Review provided a more up to date position on Council Tax and the New Homes Bonus. LCCs position in respect of these matters at this time remains subject to democratic decision making and is therefore not reflected in this document. Despite these measures, Local Government remains under significant financial pressure with overall resource savings of 29% passed down from central government to be achieved by 2019/20, through better financial management and further efficiency.

Perhaps the biggest policy announcement of 2015 Spending Review was the devolution of powers away from Westminster. The ‘devolution revolution’ has been a cornerstone of the Conservative government’s agenda for this parliament, with twelve devolution deals done to date (Local Government Association as of December 2016) and more on the table. The Government’s commitment to devolution remains and was confirmed in the 2016 Autumn

Statement. Devolution requires cooperation across a place (including with health and other public organisations like Local Enterprise Partnerships) and this has been a central consideration to the development of the Future Public Service Delivery Model for Lancashire. The Government has challenged Local Government to be creative in finding new ways to solve the challenges that it faces in the spirit of the Devolution agenda.

The NHS *Five Year Forward View* published in 2014 was a radical warning that the NHS cannot continue at current funding levels, and the development of new models to suit local needs was necessary. It set out changes needed to the health sector in order to make £22 billion in efficiency savings by 2020/21. There were 29 vanguard areas to pilot new models of localised healthcare launched in March 2015, including Lancashire and South Cumbria: Better Care Together. This model was an integrated Primary and Acute Care System (PACS) bringing together GPs, hospitals, community and mental health services, with money directed from a joint budget to wherever patients are assessed to need it most.

To deliver the *Five Year Forward View* vision of better health, better patient care and improved NHS efficiency, from February 2016 every health and care system in England have been required to produce a Sustainability and Transformation Plan (STP). The plans set out how a range of organisations, including NHS providers, CCGs and the Local Authority will work together to deliver better health outcomes for their residents. The 44 footprints are locally defined and based on natural communities and existing working relationship. STPs were submitted in summer 2016 to NHS England, with a view for implementation starting autumn 2016. In summary, with the whole public sector envelope shrinking, current ways of working are unsustainable in the absence of large scale, coordinated transformation between organisations with a focus on place.

3.2 The Lancashire context

3.2.1 Strategic outcomes for Lancashire

The number of public sector delivery partners working across Lancashire is vast with many different strategies, outcome frameworks and priorities articulated and not always in alignment with each other. The table below presents an illustration of the different strategic outcomes across a range of public sector organisations working in Lancashire.

Table 4 - Outline of the different strategic outcomes for a number of public sector organisations

Organisation	Strategic outcomes
Lancashire County Council	<ul style="list-style-type: none"> To live a healthy life; To live in a decent home in a good environment; and To have an employment that provides an income that allows full participation in society.
West Lancashire Council	<ul style="list-style-type: none"> Retain and grow jobs, increase skills levels and encourage business and wealth; Enhance the built and physical environment, and its cleanliness; and Improve the health and wellbeing of local communities.
Pendle Borough Council	<ul style="list-style-type: none"> Create sustainable jobs so that businesses locate, grow and stay in Pendle; Create a healthier, cleaner, safer and cohesive Pendle, helping to improve the health and wellbeing of residents; Work with partners and the wider community to sustain services of good value across the district; and Maintain a sustainable, resilient and efficient organisation.
Burnley Borough Council	<ul style="list-style-type: none"> Work with partners to improve the condition of the existing housing stock; Continue to develop the leisure and cultural offer across Burnley, helping to maintain life-long health; Proactively support the borough's businesses to innovate and expand, making Burnley a natural choice for business location; and Deliver modern customer services that can respond to the different needs of residents.
Lancashire Constabulary	<ul style="list-style-type: none"> Building on our excellent foundation in neighbourhood policing; Respond to different needs of community by treating everyone with dignity and respect; Deliver a consistently high quality of service at every contact; To protect individuals and communities, especially those who are vulnerable; and To provide an efficient and effective policing service that delivers optimum value for the customer.
Lancashire Teaching Hospitals	<ul style="list-style-type: none"> Deliver Safe Care; Provide Effective Care; and Improve Our Patients Experience.

The strategic priorities across the County focus on the interconnected themes of prosperity, local communities and wellbeing. A focus on economic development and regeneration will improve employment rates, and the quality of employment opportunities offered. This can have beneficial effects for narrowing health inequalities across the county and nationally.

3.2.2 Health and social care outcomes in Lancashire

While people are living longer in Lancashire, many are spending more years at the end of life in poor health. The demography of the county is changing with an increasing proportion of adults and older people living alone, putting more people at risk of social isolation, particularly in later life. In response to this, the Lancashire Health and Wellbeing Board was created as a forum for key leaders from the health and social care sector to work together to understand their local communities needs and agree priorities. Lancashire's Health and Wellbeing Strategy was published in 2015, with the vision '*Every citizen in Lancashire will enjoy a long and healthy life*'.

The strategic goals are listed below;

By 2020, we will deliver:

- **Better health** – we will improve healthy life expectancy, and narrow the health gap;
- **Better care** – we will deliver measureable improvements in people's experience of health and social care services; and
- **Better value** – we will reduce the cost of health and social care.

These goals are to be achieved through Three Programmes of work; *Start Well, Live Well & Age Well*. A key factor in delivering on these goals is building resilient and independent communities, where citizens are encouraged to support themselves and each other to achieve better health and wellbeing. Central to this is the provision of activities that promote wellbeing, and building social capital to reduce isolation. The role of the public sector in delivering these services and interventions should be minimal, and a community assets based approach should be undertaken to leverage the strengths and areas of specialism of the community, including the third sector. The Council should see its role as a facilitator of these interactions, signposting residents to community groups and interventions rather than directly providing them.

The following outcomes that are outlined below in Table 5 were selected from the Public Health Outcomes Framework, NHS Outcomes Framework and Adult and Social Care Outcomes Framework in order to support the objectives of the Health and Wellbeing Board Strategy Delivery Plan at Lancashire level.

Table 5 – Outline of Lancashire's main health outcomes compared to the national average

Overarching goal	Health outcome	England average	Lancashire average
Reducing Health inequalities	Male life expectancy	79.4	78.3
	Female life expectancy	83.1	82.0
Reducing admissions	Emergency hospital admissions for self-harm (per 100,000)	188	247.3
	Alcohol related admissions to hospital per (100,000)	636.9	698.4
Promoting Health pregnancy (Starting well)	Low birthweight of term live births (%)	2.8	3.0
	Smoking at time of delivery (%)	11.5	16.4
	Infant mortality rate (rate per 1,000 live births)	4.1	4.8
Reducing childhood obesity (Starting well)	Children aged 10-11 classified as overweight or obese (%)	33.5	32.7
Supporting vulnerable families and children (Starting well)	Children in poverty (all dependent children under 20) (%)	18.6	16.5
	Children in poverty (under 16s) (%)	19.2	17.1

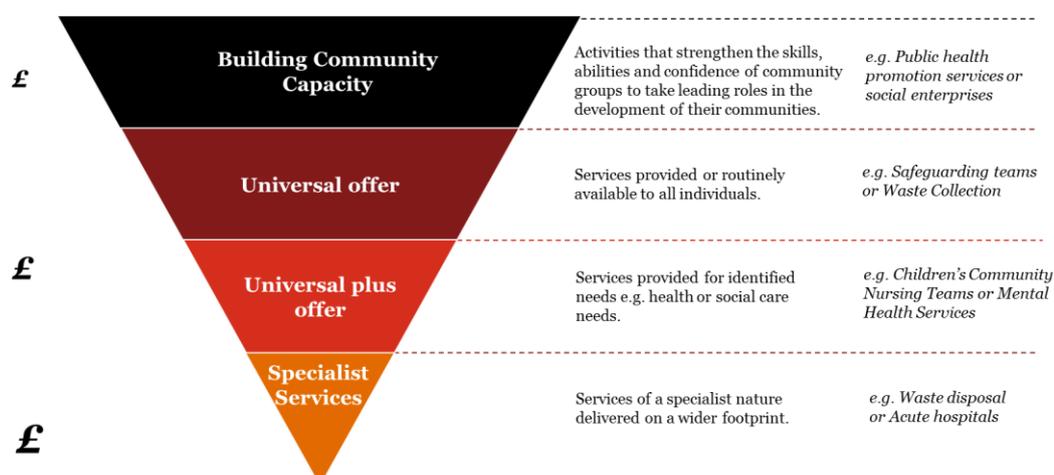
Overarching goal	Health outcome	England average	Lancashire average
Promoting Healthy lifestyles (Living well)	Hospital admissions for violent crime (including sexual violence)	57.6	66.9
	Statutory homelessness acceptances per 1,000 households	2.3	0.7
Reducing avoidable deaths (Living well)	Mortality from causes considered preventable (overall)	183.9	210.5
	NHS check offered (%)	18.4	11.7
	NHS health check uptake as a % of eligible invited	49.0	74.0
Reducing social isolation (Living well)	Adult social care users who have as much social contact as they would like (%)	44.5	49.2
Reducing emergency admissions & direct admissions to residential care (Ageing well)	Emergency readmissions within 30 days of discharge (%)	11.8	12.3
	Hip fractures in people aged 65-79 (rate per 100,000)	237.3	241.6

3.2.3 How public services are currently delivered and could be delivered in future

Nationally, and across Lancashire, there is an increasing trend in the volumes of people accessing acute services, which are the most costly within the system. Whilst there has been an overall increase in the demand for social care, there has been a decrease in the number of people in receipt of certain social care service packages and care in the community, which enable a more independent life. In the report, Investing in Social Care, statistics from Age UK indicate that between 2010 and 2014, the number of older people receiving home care fell by 31.7%, day care places plummeted by 66.9%, spending on home care dropped by 19.4%, while the number receiving meals-on-wheels fell by 30%. Moreover, the number of people trapped in hospital due to inadequate or non-existent social care is at record levels, Unison said. In August the number was 62,807, which represents a 40% increase on last year. Demand for children's social care nationally has risen exponentially, with the NSPCC reporting an 88% increase in the number of children on child protection plans since 2002.

It is clear there is a need to move away from traditional models of service delivery and organisational boundaries towards reorganising services around communities and their needs. The universal offer of 'one size fits all' has many limitations, especially for citizens who have grown to see personalisation and customisation as a given through the growth of digital technologies. Through partnership working and building community assets and capabilities, there is an opportunity to radically transform public services in Lancashire to ensure they meet the financial challenge head on and deliver on outcomes for citizens.

The diagram below gives an indication of where and how services could be delivered by the public sector where they most effectively deliver on outcomes.



There may be a statutory requirement to ensure delivery of a number of these services.

3.2.4 What this means for Lancashire?

There are already some moves towards public sector integration and partnership working within Lancashire. The devolution deal for the Lancashire Combined Authority is in a shadow form, but goes some way towards simplifying the complex landscape of local authorities in the county and promoting cross organisational ways of working. The Better Care Together pilot has reported successes so far, with the ‘Advice and Guidance Scheme’ resulting in more people being cared for closer to home, with 34% of the 2,177 interactions with patients resulting in care of their GP instead of a hospital admission.

3.3 The Lancashire County Council context

3.3.1 Lancashire County Council strategic context

The focus areas for Lancashire County Council is on the economic, social and health prosperity of their citizens, and a focus on targeting resources to localities which are most in need. By building resilient and independent citizens who support themselves and each other, there is a real opportunity to reduce long term dependence on Council services, thereby re-establishing the accountability for wellbeing back to individuals and empowering local support networks and communities to step into the first line of support role.

Table 6 – Outline of the strategic outcomes and strategic priorities for Lancashire County Council

Strategic outcome	Strategic priorities
To live a healthy life	<ul style="list-style-type: none"> • Increase the time that people in Lancashire can expect to live in good health; • Narrow the gap in people’s health and wellbeing between different parts of the county; and • Enable people to make healthy lifestyle choices.
To live in a decent home in a good environment	<ul style="list-style-type: none"> • An adequate supply of affordable quality housing to rent or buy that meets the needs of all our citizens; • Good quality local neighbourhoods with adequate parks, open spaces, social, cultural and sporting opportunities; • Communities where families and individuals feel safe; and • A high quality natural environment.
To have an employment that provides an income that allows full participation in society	<ul style="list-style-type: none"> • Rebalance Lancashire’s economy to reduce its over reliance on low paid employment; • Increase the employability of Lancashire’s citizens; • Focus on communities where there are high concentrations of unemployment and low paid employment.

3.3.2 Lancashire County Council Financial context

The Council’s financial position was referred to in section 2.2.2, where the headline figures and statements were presented. Below is the more detailed messages that came from the Statutory Services Budget Review (SSBR), which set out Lancashire County Council’s unique position in relation to income and expenditure.

In November 2015, the Council undertook a comprehensive exercise to map its base budget and define its statutory spend as part of a base budget review. In summer 2016, the Council asked PwC to review the Council’s statutory spend, as part of the Statutory Services Budget Review (SSBR henceforth). The purpose of this document was to enable the Council to ratify its financial position with an independent view and share this with regional and national stakeholders and bodies. This included health and wider public partners, the Secretary of State for Communities and Local Government and key civil servants.

The review of statutory expenditure undertaken by PwC aligned with the position already set out by the Council in their base budget review. The key findings from Statutory Services Budget Review are presented below;

- **Latest financial forecast:** The Council is forecast to have a cumulative deficit of **£398m** by the end of 2020/21. This is predicated on all savings plans being achieved with no slippage and it is worth noting that the recent Portfolio Review of savings has identified that a significant proportion of planned savings are at risk of slippage.
- **Comparator analysis:** To reach the median position of either the lowest quartile of all county councils or derived nearest neighbours would require a reduction in gross expenditure of **£184m (17%)** from the 2016/17 gross budget of £1,059m. *This would be a significant transformation for the Council and would move them to a position no other local authority has achieved to date i.e. lower quartile costs across all service areas.*

- **Council saving plans:** The Council currently has plans to further reduce expenditure from the gross budget of £1,059m by a further £89.2m over the next three years (a further £46.4m to be achieved in 2016/17 and planned savings of £42.8 in 2017/18). When planned savings are taken into account this reduces the gap to lower quartile costs to £95.2m (9%). *Therefore the Council would require a further 9% of savings, after all planned savings are realised, on gross budget to make lower quartile across all services.*
- **The level of income generated across all services** in total is the highest (as a proportion of gross expenditure) of any County Council based on 2015/16 RA data. *No account has been taken of the potential reduction in service income if expenditure is reduced.*
- **Bridging the gap:** If the Council was to reduce its expenditure to the level of lowest quartile within the term of this MTFs it would still be facing an in year deficit of **£79m** and a cumulative deficit of **£227m** by 2020/21, not taking account of any risks associated with planned savings.
- **Reserves:** The Council has budgeted to make significant use of reserves within the next three years. In 2016/17 budgeted use of reserves stands at £139m, a reduction of 44% of available reserves.

Based upon these findings:

- A reduction in costs (over four years) to achieve lower quartile expenditure will still not result in the Council being in a sustainable position;
- Although Council Tax increases of 3.9% per annum are planned for the next four years (based on the Council's budget strategy at the time of this report), the gap between income and expenditure continues to grow;
- The composition of the Council Tax base contributes to LCC having the third lowest level of Council Tax per head whilst having a Council Tax rate that is around the average for County Councils;
- If the Council continued on its current financial trajectory it would run out of reserves within the 2018/19 financial year; and
- A failure of the Council to carry out its statutory duties could result in intervention by the Secretary of State (in accordance with section 15 of the 1999 Local Government Act) directing that specific functions be exercised by the Secretary of State 'so long as the Secretary of State considers appropriate'.

3.4 Summary position

The current delivery model is unsustainable for Lancashire County Council and wider public sector partners and will not achieve the desired outcomes moving forward. Across the public sector, many savings initiatives have been explored by the various organisations and agencies, however, these have often involved efficiencies being made within organisations and not through exploiting economies of scale and opportunities in partnership working. Based on current ways of working, Lancashire County Council runs a very real risk of not being able to set a balanced budget and having to issue a Section 114 notice, which would have serious operational implications both within the Council and on wider public sector partners who rely on the services provided by LCC as part of the overall public sector service delivery system. The impacts of this 'do nothing' scenario are described from a financial perspective as part of section 9 of this report, and are summarised below:

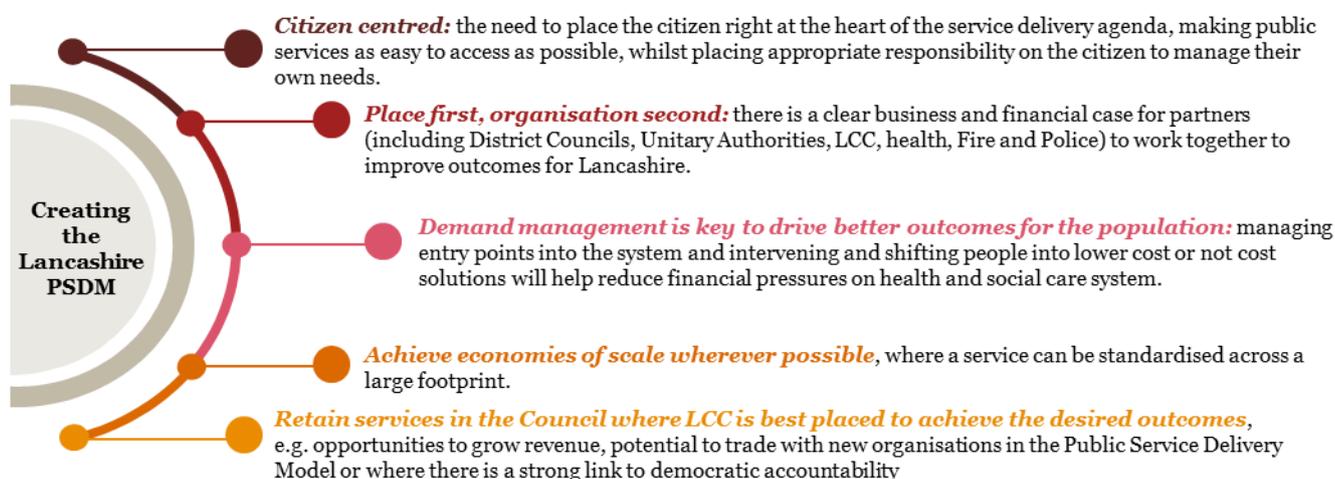
- Significant cuts would be required to service delivery as an emergency balanced budget is set out that will reduce expenditure by approximately 15%;
- Reductions in spend would need to be made to social care and public health services that make up nearly two thirds of the Council's expenditure; and

4 Developing the Public Service Delivery Model

4.1 Introduction

The approach to developing the future Public Service Delivery Model (PSDM) for Lancashire has focused on those services that sit at the heart of the frontline service delivery agenda, as opposed to focusing on internal processes within the County Council. Front Office, which is focused on how residents access services, and Professional & Support services were then designed around this. Significant integration across partners in the public sector will be a cornerstone of the model with benefits to be gained across partners rather than within one organisation.

The rationale for the future Public Service Delivery Model is summarised below and the approach to developing the options is summarised in table 7.



4.2 Overview of approach

A high level summary of the approach to developing Lancashire’s Public Services Delivery Model is provided in Table 8. A number of components of this will be explained in more detail below.

Table 7 – Outline of approach to developing options for Public Services Delivery Model

Step	Approach
1) Assessment of current activity	<ul style="list-style-type: none"> An assessment of the Council's current operating model including; Independent review of the Council’s financial position in the Statutory Services Budget Review; Activity Analysis – a scan of the distribution of FTE activity by process; Analysis of Management Spans and Layers; Review and risk adjustment of the existing savings Portfolio; Analysis of the Council’s Third Party Expenditure; and Creation of a set of outline Design Principles.
2) Development of options	<ul style="list-style-type: none"> Review and prioritisation of opportunities identified in the Assess Phase; Development of opportunities in workshops, drawing on Subject Matter Experts (SMEs) and experience from comparator local authorities and private sector organisations where appropriate e.g. considering Data and Analytics; Workshops with Management Team to determine the desired future state for Service Delivery components; A maturity assessment against current and desired state; and Bundling of opportunities into four Integrated Service Delivery Options (see section 4.3).

Step	Approach
3) Evaluation of options & identification of preferred option	<ul style="list-style-type: none"> • Development of key value drivers to evaluate options; • Evaluation of four options (see Appendix 12.3) against value drivers; • Identification of preferred option; and • Development of high level governance principles for the preferred option through a series of workshops with the LCC Cabinet and Management Team.

4.2.1 Design Principles

A key concept underpinning the design of the options for the Future Public Services Delivery Model was the creation of a set of Design Principles that underpin the change.

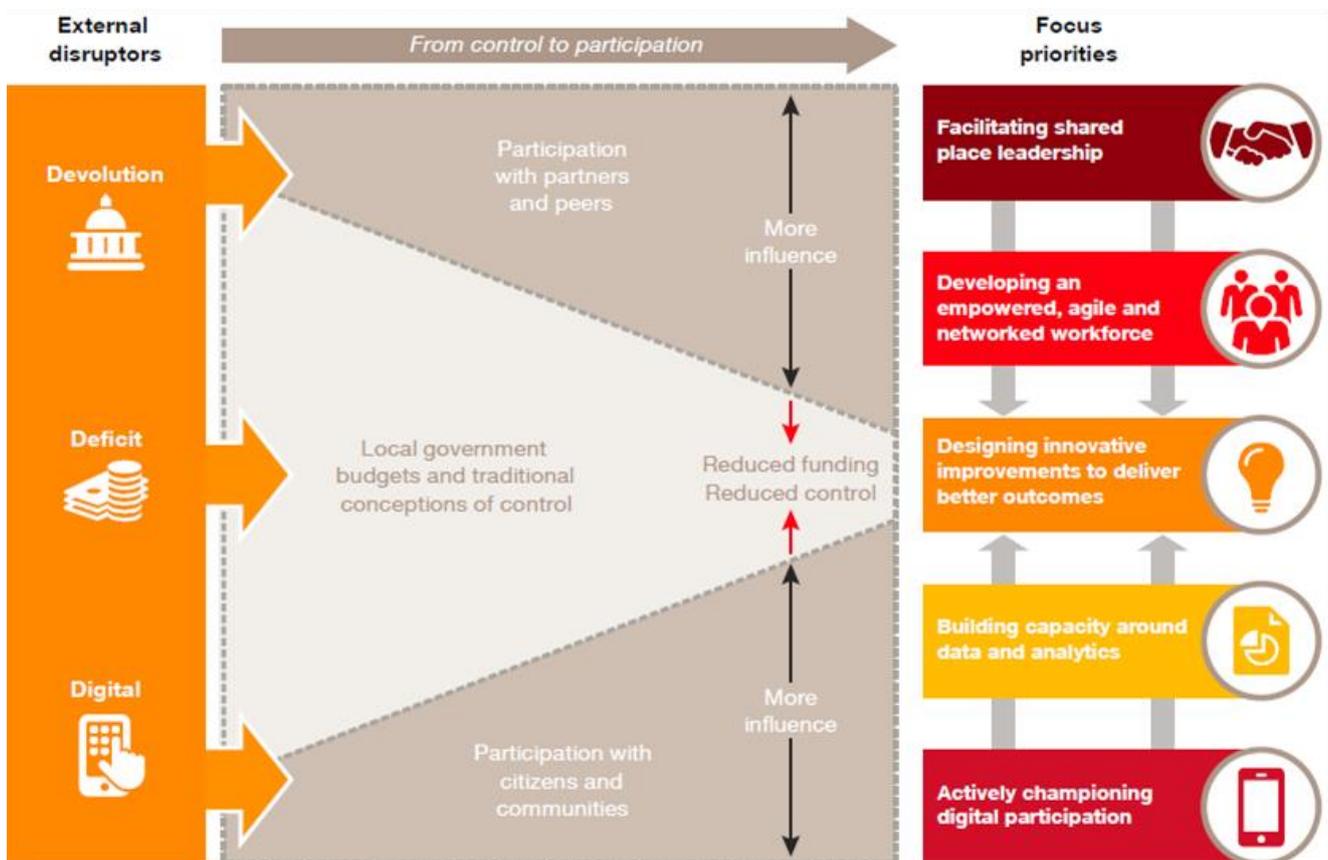
4.2.1.1 What is a Design Principle?

Design Principles are strategic principles which guide and inform the design of the new Public Services Delivery Model. For long-term transformation programmes, Design Principles are established to ensure the transformation adheres to its original vision and achieves its strategic objectives.

Each aspect of the new Public Services Delivery Model design that is developed will then be ‘tested’ against the design principles to ensure that it supports and does not contradict the principles. Each element of the design will not support every principle but neither should it contradict. This supports the transition from current to future state.

4.2.1.2 How were the Design Principles developed?

Based on primary research with local government elected members, officers and citizens, PwC published ‘From Control to Participation’ in 2015. The report identifies five key priority areas for councils to move away from a focus on central control to harnessing the power of participation. This suggests that the councils that will be most successful in the future will seek to take advantage of the changing context of local government, by letting go of traditional approaches to service delivery and control. They will focus instead on strategies to share the responsibility of leadership. They will lead by influencing and facilitating, devolving certain functions and developing the digital enablers that will encourage greater community resilience. This agenda aligns to the draft Corporate Strategy of Lancashire County Council, and wider public sector integration.



This research was used as the basis for engagement of Elected Representatives and the Management Team within LCC to understand the Council’s current and desired state against this model. The outputs of this can be found under Appendix 12.4. This then framed discussions on the creation of a set of design principles that would be used to underpin the decision making around the preferred option for the future Public Sector Service Delivery Model. It is acknowledged that as the process of engagement with public sector partners takes shape that these principles may evolve and change.

The Design Principles in table 8 were refined through meetings with Management Team, Directors and Heads of Service and were key for determining the appetite for change in the organisation.

Table 8 – Outline of focus priorities and design principles

Focus priority	Design principles
Facilitating Shared Place Leadership	<ul style="list-style-type: none"> LCC will rescind organisation control where others are best placed to achieve better outcomes for the citizens of Lancashire. Outcome first, organisation second; Commissioning, pooled budgets and delivery will be undertaken at scale unless there is a significantly detrimental impact on outcomes; and It is proposed that the Combined Authority will be the primary vehicle to drive the elements of the service delivery model that are pan-Lancashire across local government.
Develop an empowered, agile and networked workforce	<ul style="list-style-type: none"> Deliver the 21st century Lancashire public servant, sharing staff across public sector partners, standardising transactional processes from hire to retire and harmonising terms and conditions where appropriate; and Staff will be located where they are best placed to deliver for the citizens of Lancashire – an agile and flexible workforce.
Designing innovative improvements to deliver better outcomes	<ul style="list-style-type: none"> LCC will assess a range of delivery models for all services based on a robust cost/ benefit analysis; and Take best practice from public/private sector to inform the development of new service delivery models where there is the scope to drive new innovations to deliver outcomes.
Build capacity around data and analytics	<ul style="list-style-type: none"> Share all data by default across all public services and partners unless there is a proven legal or regulatory reason not to; and Use predictive analytics to improve decision making, develop strategies focused on prevention and shift demand.
Actively championing digital participation	<ul style="list-style-type: none"> Digital by default unless there is a legitimate reason not to – digital channel shift will connect citizens, create community assets and reduce dependency across public services; and There will be a single Point of Contact for customers and a single view of each customer across their lifetime. e.g. customer accounts.

4.2.2 Development of options

A series of strategic options workshops were held with the LCC Management Team to develop the Integrated Service Delivery Options. These workshops considered:

- Adult Social Care;
- Children’s Services;
- Utilities & Other (including any services sitting outside of Adult’s, Children’s or Public Health).
- Front office requirements and options; and
- Professional & support services requirements.

A number of workshops reviewed the potential delivery models for each of these ‘blocks’ of services and were framed around the following priorities:

- Alignment of each of the services to the draft LCC Corporate Strategy;
- The public sector landscape, including partner activity and the regulatory environment;
- Good practice from comparator local authorities;
- Innovative delivery models from inside and outside of the public sector; and
- How each service contributes to a place-based delivery strategy.

Following agreement of the preferred options for the frontline services, the options for the Front Office and the Professional & Support Services were reviewed. The preferred options were wrapped around the frontline services to create the integrated service delivery model options as presented in section 4.3.

4.3 Integrated service delivery options

A number of integrated service delivery options were reviewed by Management Team (see table 9 below). The pros and cons of these options were considered, according to a number of agreed criteria, or value drivers.

Table 9 – Integrated service delivery options reviewed and key attributes

Option	Key attributes
1 Optimise	<ul style="list-style-type: none"> Service review programme to challenge current service levels, service standards and delivery across the Council; Process improvement and more standardisation in front office to simplify the customer access points; and Key business processes across Professional & Support Services and more standardisation using existing technology.
2 Creation of Wellbeing Corporations	<p>As per Option 1 but with the following additional attributes:</p> <ul style="list-style-type: none"> An integrated commissioning function would be established at a county level that will be governed by upper tier authorities and health; The Integrated Commissioning Authority will set health and wellbeing outcomes for the county and distribute funding to each of the Wellbeing Corporations on a needs based assessment; Five Accountable Care Organisations, or Wellbeing Corporations are created to cover the STP footprints; The Wellbeing Corporations would include all services covering Public Health, Adult and Children's social care from local government plus Primary and Acute Care from the health sector; The Wellbeing Corporations would be responsible for delivering the strategic outcomes set by the Integrated Commissioning Authority; These bodies would be jointly owned by those public sector partners from local government and health with a financial stake and governed by representatives from across public sector partners; and Within each of the Wellbeing Corporation footprints 'Identifiable Communities' of populations of 20k-40k would be agreed and retained service delivery would be aligned more to these communities where appropriate; and Investment in front office technology to optimise existing technology investments.
3 Integrated Public Services	<p>As per Option 2 but with the following additional attributes:</p> <ul style="list-style-type: none"> The transfer of some services to the Combined Authority driven by either system wide savings through achieving better economies of scale e.g. waste, or to better support the achievement of strategic outcomes particularly around Prosperity e.g. Economic Development; Front office and Professional & Support services potentially provided to other public sector bodies such as the Wellbeing Corporation; and The Council's democratic core would remain under the direct control of LCC. This would include the statutory officers who will act as advisors to the Integrated Commissioning Authority in respect of setting and monitoring performance against the outcomes.
4 Commissioning Council	<p>As per Option 3 but with the following changes:</p> <ul style="list-style-type: none"> The Council would take on a commissioning only role with no direct service delivery responsibility. This would mean that any service delivery retained by LCC in Option 3 would transfer to another organisation; A small democratic core would remain under the direct control of LCC; Residents would have simplified access to services across the public sector e.g. Wellbeing Corporations, Combined Authority etc. but this front office wouldn't be provided directly by the Council; and Professional & Support Services across public sector would be provided by the market.

The integrated service delivery options presented in Table 9 were evaluated using a series of value drivers detailed in the diagram below. A scoring methodology was then used to assess each of the integrated service delivery options to arrive at a preferred option that was then discussed and agreed with Management Team.



Ability to manage demand;



Ease of implementation, including partner buy in;



Reducing the long-term financial risk of LCC;



Ability to reduce costs in the short to medium term;



Contribution to outcomes and corporate strategy;



Implementation costs.

A summary of the scoring methodology and outputs is detailed at Appendix 12.3. Using the value drivers as a basis for scoring each of the options, option 3 was chosen as the preferred service delivery model as it is most likely to deliver against these value driver criteria. Of all of the models considered, the Integrated Public Services model will enable the greatest level of demand management to be established across the health and wellbeing system, which in turn will enable costs to be reduced. This is also the model that most closely aligns to the strategic outcomes set out in the draft LCC Corporate strategy. Due to the levels of complexity surrounding the integration of all health and wellbeing services across Lancashire this model is likely to be the most challenging to implement, however, the future state will place the citizen at the centre of the service delivery agenda and will provide a coherent, efficient and place based public service delivery system.

The model was refined through further engagement with Management Team to consider how this approach could be best applied to meet the needs of the wider public sector partners. Section 5 provides an overview of the future Public Services Delivery Model.

5 Future Public Service Delivery Model

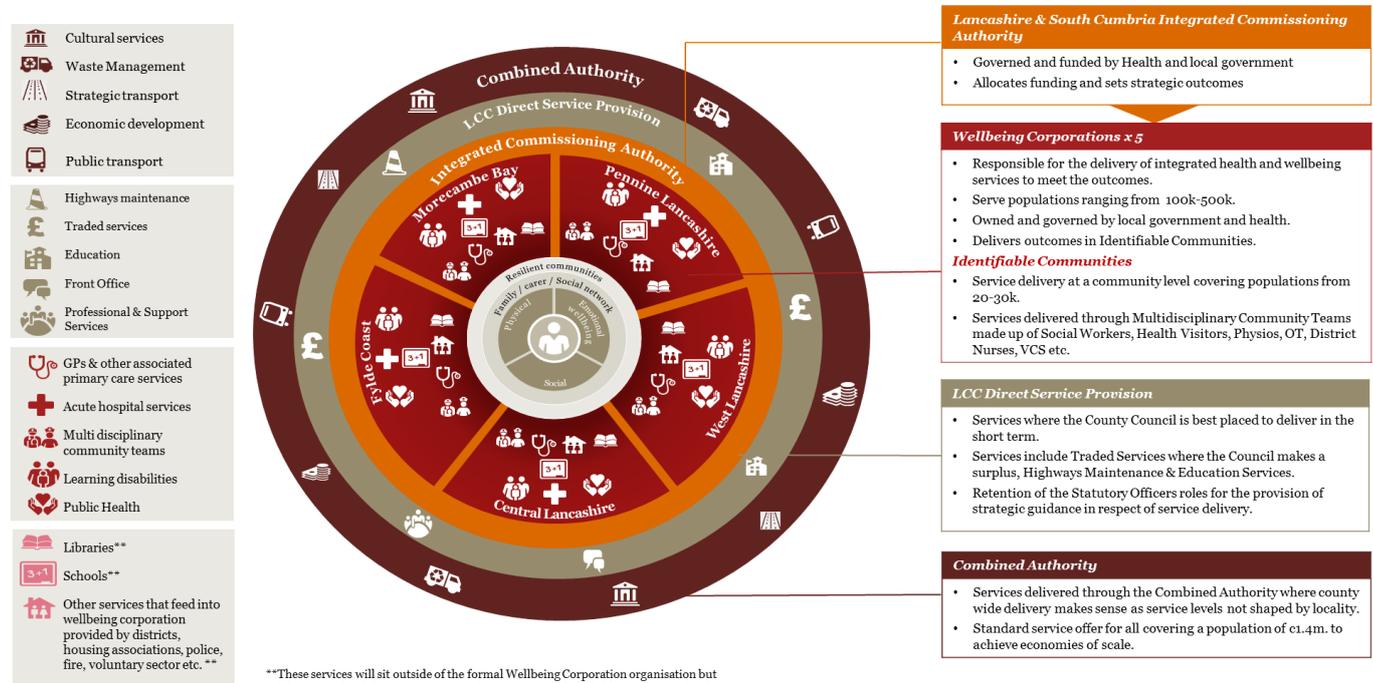
5.1 Introduction

The future Public Sector Service Delivery Model presents an opportunity for all public sector partners (including District Councils, Unitary Authorities, LCC, health, Fire and Police) to come together to integrate service delivery to deliver the place based services that achieve the right outcomes for Lancashire.

Whilst some public sector organisations currently focus on pan-Lancashire strategies, many of the citizens of Lancashire do not associate with this. The Future Public Service Delivery Model is designed around Identifiable Communities, with a focus across a population of 20,000 - 30,000 people, which is more easily recognised by residents in terms of the place that they live and raise their families. This is also the level at which universal services operate including schools, police, fire and also voluntary and third sector services. These local services are key to enabling a future where local communities are empowered to take responsibility for the wellbeing and prosperity of its people.

The key themes that underpin the Future Service Delivery Model are place, wellbeing and prosperity. Through the Integrated Commissioning Authority and Wellbeing Corporations, services are tailored to specifically meet the needs of local communities with a focus on early intervention and prevention and to re-establish the accountability for personal health and wellbeing to local people and communities. Lancashire County Council will continue to directly provide services where established links and relationship exist. The Combined Authority is proposed to deliver services that would support the prosperity and growth agenda that underpins the current draft LCC Corporate Strategy and that of other partners by taking a more strategic view. These changes will be supported through simplified access to the right service at the right time, and underpinned by professional and support services that enable effective front line service delivery.

The diagram below sets out the proposed future Public Service Delivery Model for Lancashire.



5.2 The key attributes of the model

5.2.1 Health and wellbeing

5.2.1.1 Introduction and background

Health and Social Care services across Lancashire are coming under increasing financial pressure as a result of socio-demographic trends increasing demands for services and a reduction in funding from central government. There is a further squeeze on the supply side as the effects of the National Living Wage are beginning to take hold. The whole health and social care economy across Lancashire is forecast to have an in-year budget shortfall by 2020/21 of at least £805m (*Ernst & Young, Healthier Lancashire – Alignment of Plans, September 2015*).

The health sector nationally has been tasked with developing Sustainability and Transformation Plans (STPs) to tackle this challenge. In Lancashire each of the five Clinical Commissioning Groups (CCG) has submitted a Local Delivery Plan that forms part of the overall Lancashire & South Cumbria Sustainability and Transformation Plan. This overarching plan currently has a different delivery model for each of the five footprints. A number of the CCGs have put forward a model of Accountable Care Organisations (ACO) and the integration of Health & Social Care as the future vehicles for supporting the achievement of high quality outcomes for residents, considering the current financial climate. Others have recommended an Accountable Care System (ACS) which is the continuation of existing organisations but with improved partnership working between them. The proposed model for Health and Wellbeing would see this mixed economy of models standardised to make the best use of resources across the health and wellbeing system.

A definition of key Health & Wellbeing terms can be found in the glossary under section 11 of this report.

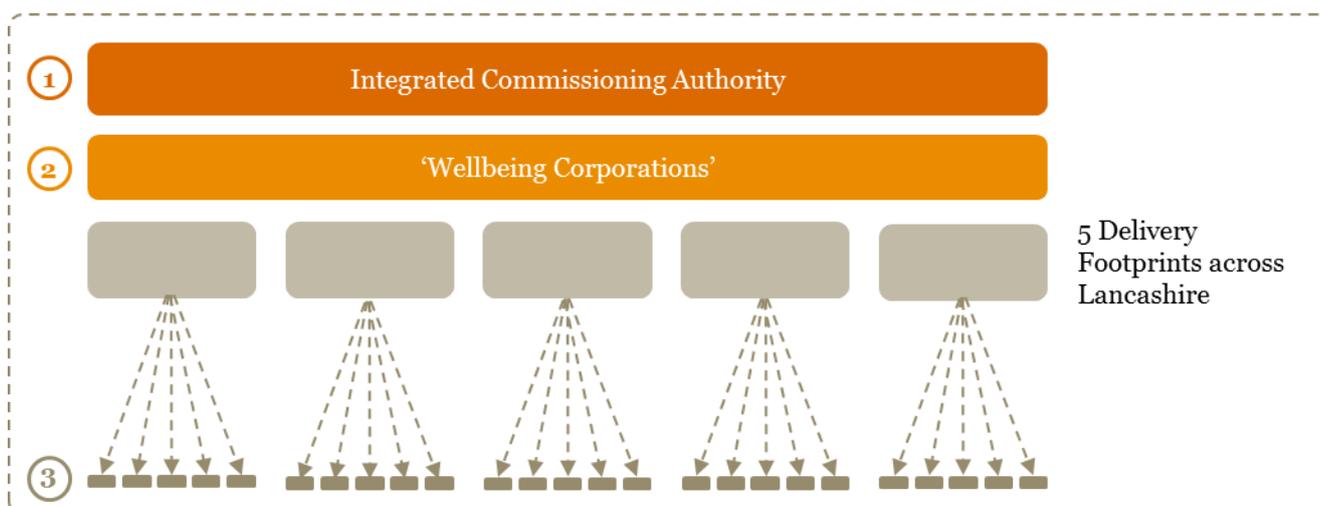
5.2.1.2 Key characteristics of the future model

A two tiered system made up of an Integrated Commissioning Authority and five Wellbeing Corporations across the county could deliver a new, more integrated model of care. This will bring care closer to the citizen and enable the public sector to more effectively manage demand for services.

A key enabler for the new model will be the shift away from a Payment by Results funding model, which was introduced when the primary objective for the NHS was to reduce waiting lists and waiting times for hospital care. With NHS funding now increasingly constrained, and the focus having shifted to how care can be better integrated around the needs of people, the shift to pooled budgets to support health and social care integration is a key element of the new model.

The LCC services proposed for transfer to the Integrated Health & Wellbeing model include Public Health, Adult Social Care and Children’s Services. A full list of these services can be found in Appendix 12.5.

The key attributes of this model are set out in the diagram below and include:



1. Integrated Commissioning Authority

- Responsible for the allocation of the pooled Health & Social Care budgets from the various funding agencies to individual Wellbeing Corporations (based on an assessment of population need via the Joint Strategic Needs Assessment (JSNA));
- Funded by a combination of existing sources;;
- Determines the Lancashire and South Cumbria outcomes framework contracts with each Wellbeing Organisation; and
- Held accountable for achievement of the outcomes by a board, which includes democratically Elected Representatives from local government and representation from health partners. It is expected that Elected Representatives would have a casting vote (the outline governance arrangements are set out in section 6).

2. Wellbeing Corporations

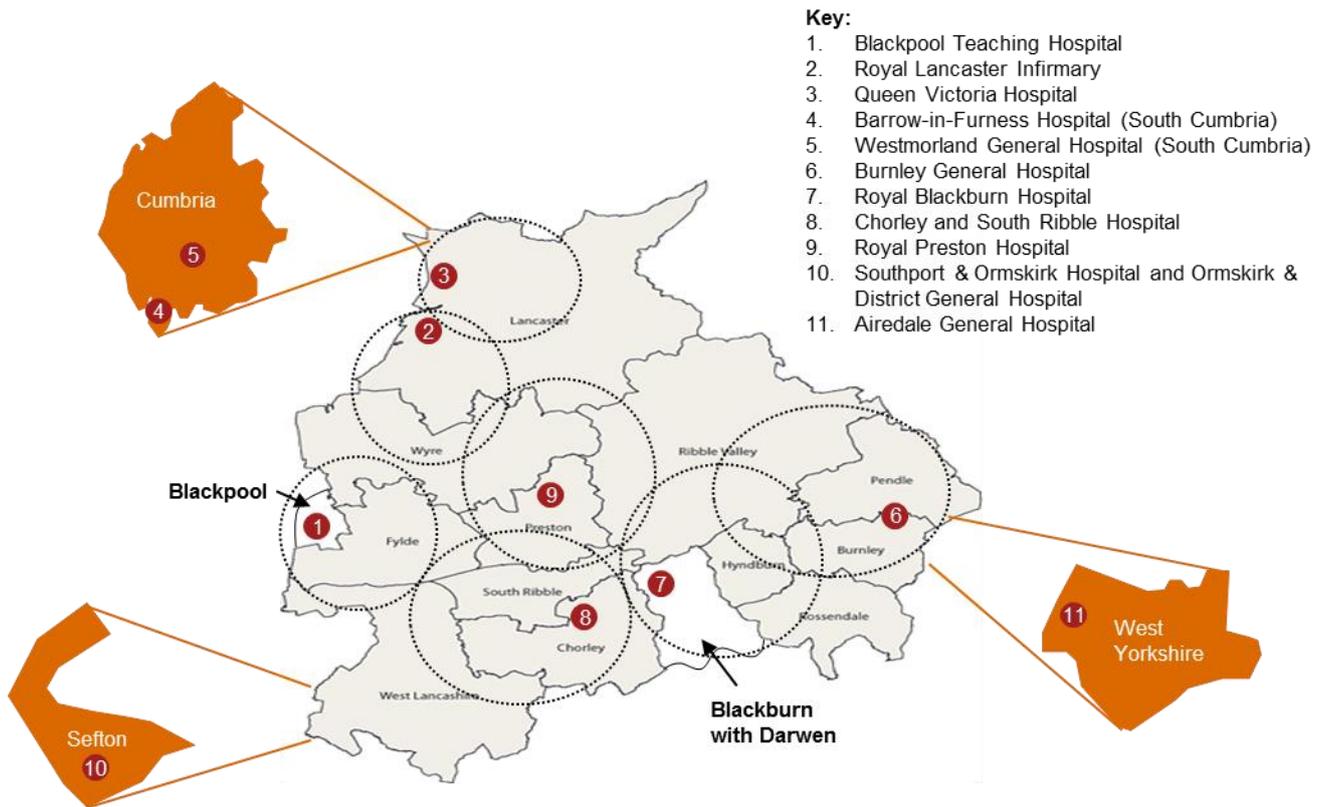
- Creation of five new delivery organisations with shared public sector ownership across health and local government partners. These organisations will be aligned with the Sustainability and Transformation plan footprints across Lancashire & South Cumbria;
- Each Wellbeing Corporation will have a single workforce delivering across all services and responsible for achieving the outcomes set out by the Integrated Commissioning Authority for a defined population;
- The Wellbeing Corporations would be fully integrated with the acute hospital in the footprint using a PACs model. In West Lancashire where no acute hospital exists, it is expected that the acute hospital that provides cover for that area would have an ownership stake in the Wellbeing Corporation through a Primary and Acute Care System (PACS) model;
- Delivers Adult Social Care, Children’s Services, Public Health and Prevention, integrated with the voluntary sector and NHS Primary care, Community, Mental Health and Acute Services;
- Can subcontract delivery or coordinate with other providers where appropriate;
- Responsible and incentivised for ensuring community engagement and capacity building in community, Mental Health and social care providers; and
- Held accountable by a supervisory board (outline governance arrangements set out in section 6).

3. Community Delivery & Capacity Building

- Services are delivered at Identifiable Community level with a focus on populations of 20,000 - 30,000;
- Multi-disciplinary teams (MDTs) deliver community health and social care services;
- They are supported by wrap around services from other elements of the public sector including housing, fire, police, schools & District Council services which play a key role in minimising social inequalities which can manifest themselves in poorer health outcomes;
- Better information provision and sharing facilitates service delivery by any organisation through better understanding of community needs a macro level;
- Proactively providing care in the community, and identifying potential for use of other services in the “Wellbeing Corporations”;
- Building capacity at a local level will build strength in the model;
- Rapid multi-agency response to crises in the community; and
- Provision of care for individuals in the most appropriate setting.

The proposed Wellbeing Corporations will not be equal in size. Their size will be determined by the population of the STP footprint being served and will cut across a number of existing boundaries. The map below identifies these footprints and for illustrative purposes captures the locations of Acute Hospitals and District Council boundaries. There will be some level of variation across the Wellbeing Corporations to reflect different geographical footprints. For example, the population in West Lancashire tend to access acute services in Southport & Ormskirk which sits outside of Lancashire. The East Lancashire footprint also crosses into Yorkshire for acute provision.

Hospitals across District boundaries in Lancashire



An outline of the Districts covered by each hospital/trust and their population sizes can be found in Appendix 12.6.

5.2.1.3 Benefits for citizens

The detailed benefits for all stakeholder groups are identified in section 7 (Changes for Stakeholders) and 9.2 (Non-Financial Benefits). A summary of the key benefits for citizens is detailed below;

- The model significantly contributes to LCC’s Strategic outcome ‘To live a healthy life’;
- Simplifies routes into health and wellbeing services from a citizen perspective;
- Focus on prevention and early intervention reduces the frequency at which citizens reach crisis level; and
- The model has the ability to reduce health inequalities by ensuring the right service for the right person at the right time.

5.2.1.4 Next steps

The transformation timeline for the establishment of the Wellbeing Corporations is estimated to see shadow arrangements in place by April 2018 and full operation by April 2019. The indicative route map for transformation is detailed in section 8.

5.2.1.5 LCC Direct Service Provision & Transferred Services

Under the new service delivery model, the remaining services that sit outside of the Wellbeing Corporations would either be directly provided by the County Council or be transferred into the Lancashire Combined Authority. The Combined Authority is currently operating in shadow form with a policy and strategy remit. The proposed transfer of services could not be enabled until the authority was constituted to enable it to undertake service delivery. A full list of services and whether they are provided directly by LCC or transferred in the new model is set out in Appendices 12.7 and 12.8.

5.2.1.6 LCC Direct Service Provision

Introduction and background

The County Council will retain a number of services where they remain best placed to deliver in the short term. This would not rule out a review further down the line to explore alternative service delivery vehicles. The services in scope for LCC Direct Service Provision and the rationale for retaining these services within the Council is summarised in table 10:

Table 10 – Rationale for services in scope for LCC Direct Service Provision

Service	Rationale for Retention
Highways Services	There is a strong link to democratic accountability and the service is best delivered at county level to ensure the most is made of economies of scale.
Education Services	The established links and relationships between schools and LCC (in its role as the Local Education Authority (LEA)), and the importance of schools in the skills and growth agenda means LCC remains best placed to deliver these services.
Public & Integrated Transport	The Fleet Services and Integrated Transport services will be retained within LCC to be delivered at a county level.
Cultural Services	Libraries and Registrars will be retained by LCC as they are best delivered at a county level. Libraries will form part of the wraparound services that will sit outside of the Wellbeing Corporations and will support the delivery of place based services at an Identifiable Community level.
Traded Services	Currently Traded Services provide a positive contribution to County Council overheads and deliver services with good coverage of their markets (predominantly schools). The plan for retention includes expanding access to traded services, enhancing the customer experience and creating new opportunities for revenue generation and building market share. This will be underpinned by the creation of clearer business objectives and an overall market strategy. Service reviews will provide a critical assessment of the value of these services (either in contributing to financials or strategic outcomes) and may result in scaling back or cessation of service delivery for those services that are either loss making or not sufficiently contributing to strategic outcomes.
Democratic Core	The core democratic role of the 84 County Councillors will remain together with the role of statutory officers. Some elected representatives will be asked to join new governance arrangements to ensure that democratic accountability is embedded across the health and wellbeing services. This will require ongoing support from the Council's democratic core.

A full breakdown of service areas to be provided directly by LCC in the future service delivery model can be found in Appendix 12.7.

Key characteristics of the future model

The main features of LCC Direct Service Provision will remain largely the same but there will be challenge around service levels and how services are delivered.

This will be achieved through:

- Full service reviews to provide clarity on service levels and efficiency, cost base including cost per unit and what the service is trying to achieve;
- Reducing service levels in some areas and stopping services in others;
- Improved use of business intelligence and management information to optimise service delivery;
- Developing clearer business objectives and overall market strategies for income generating services; and
- Clearer guidelines and processes for corporate overheads and internal recharging.

Benefits for Citizens

The detailed benefits for all stakeholder groups are identified in sections 7 (Changes for Stakeholders) and 9.2 (Non-Financial Benefits), however a summary of the key benefits for citizens is below:

- Improved service delivery provides better value for money for taxpayers; and
- Ensures Lancashire County Council is delivering the services where it is best placed to do so.

Next steps

Although these services are to be directly provided by LCC, it will be important to move forward service reviews and service improvement activities to enable efficiencies to be realised early and a focus on growth. Implementation of the changes to directly provided services is estimated to be completed by December 2017. The process for designing and carrying out the service reviews is presented in more detail in the route map for transformation in section 8.

5.2.1.7 Transferred services

Introduction and background

The Lancashire Combined Authority is in shadow form and will bring together the 12 District Councils, the two Unitary Councils and the County Council into a formal, legal set up to allow the Councils to work together in a more structured way. The Combined Authority is expected to be formally established in April 2017. The constitution and governance of the Combined Authority are still in development, and although not yet constituted to undertake service delivery, are considered best placed to oversee the delivery of services that are not dependent on locality and are better delivered at a county-wide level. This will support the prosperity and growth agenda that underpins the current draft LCC Corporate Strategy and that of other partners by taking a more strategic view across these services.

Some current LCC services are proposed to transfer under the remit and leadership of the Combined Authority where the delivery of the service would be best undertaken at a county level. Economic development and regeneration on a county wide scale would provide the best opportunity to attract domestic or foreign inward investment. This would help to support the strategic outcomes around Prosperity. Other services, such as an integrated waste management function would achieve economies of scale through more standardised service provision.

The LCC services proposed for transfer to the Combined Authority include:

- Waste Disposal (it is assumed that Waste Collection is also transferred from District Councils to enable full integration and economies of scale are achieved);
- Economic Regeneration;
- Strategic Planning;
- Cultural Services (inc. Museums and Culture);
- Trading Standards & Scientific Services; and
- Strategic & Public Transport.

A review of the Cultural Services offering will be required to determine those services that are best delivered on a county level, versus those within a locality. This will confirm the Cultural Services transferred to the Combined Authority

A full list of services proposed to be transferred can be found in Appendix 12.8.

Key characteristics of the future model

The agreed services (including their budgets, staff and assets) would ultimately be transferred into the Combined Authority. This would be dependent on the Combined Authority being constituted to undertake service delivery on behalf of the Lancashire local authorities. A key part of establishing the final form of the authority would need to take account of the legal, regulatory and governance requirements as part of their set up plans. In advance of the transfer of these services, the focus for LCC should be on service optimisation and the driving of efficiencies. This will not only enable early release of savings whilst planning for the transition to the Combined Authority, but will also ensure that these services are in optimum shape for transfer. This would be achieved through:

- Service reviews to provide clarity on service levels, cost base and what the service is trying to achieve;
- Reducing service levels in some areas and stopping services in others;
- Improved use of business intelligence and management information to optimise service delivery; and
- Clearer guidelines and processes for corporate overheads and internal recharging.

For services that would be transferring to create a new integrated service, for example waste, a service redesign exercise would need to be undertaken jointly with Partners to co-design the detailed delivery model for the new service.

Benefits for Citizens

The detailed benefits for all stakeholder groups are identified in sections 7 (Changes for Stakeholders) and 9.2 (Non-financial Benefits). A summary of the key benefits for citizens is below:

- More co-ordinated focus on economic development and regeneration across the county will contribute to LCC's strategic outcome 'To have employment that provides an income that allows full participation in society' by addressing unemployment and underemployment in areas of deprivation.

Next steps

The next steps for the transfer of services to the Combined Authority will be dependent on the timetable for developing the new authority. In the meantime services would remain with the County Council. An outline implementation roadmap can be found under section 8.

5.2.2 The Front Office

5.2.2.1 Introduction and background

The Front Office acts as the first point of contact for citizens and professionals looking to access public services. In the future model it will be key to managing demand and shifting the focus to prevention across public services. The Front Office will also play a key strategic role in enabling the delivery and realisation of benefits across the wider delivery model, in particular supporting the system to:



Lancashire County Council's existing Customer Access function acts as the first point of contact for circa one third of all Council services, however analysis indicates that another c.1,500 FTE are based within service areas and performing Front Office processes across LCC. This presents significant scope for consolidation of customer contact. Furthermore, the benefits that could be delivered by this function are being constrained by a number of factors.

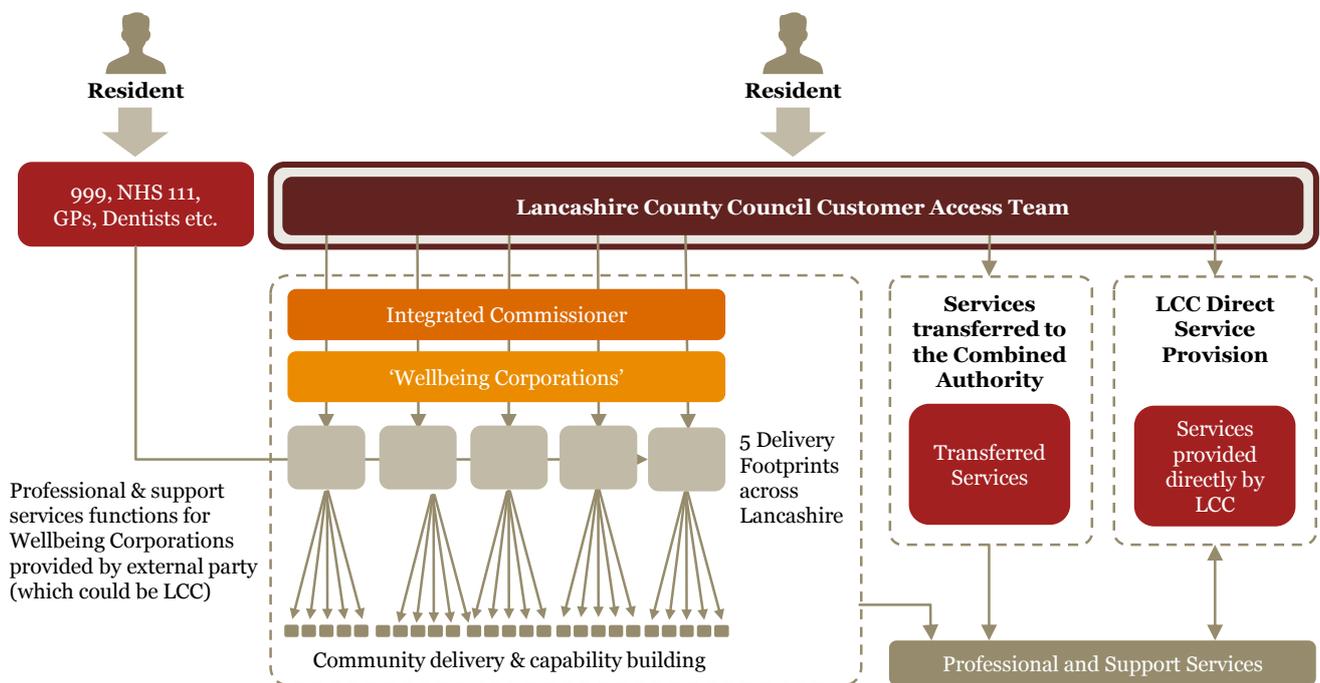
These constraints include minimal online transactional capabilities, an inconsistent approach to contact management, and a lack of investment in supporting technology, with no evidence of established data sharing practices or a single view of the customer being in place across public sector organisations. These constraints are however fairly representative of public sector economies that are yet to make a significant investment in Front Office transformation.

Given the correct delivery model and supporting technology suite, the Front Office could therefore stand to generate significant benefits for both the County Council and the wider public sector system.

5.2.2.2 Key characteristics of the future model

A simplified Front Office will be created that allows easier and more joined up access for citizens across public sector services. This front office will initially cover all LCC directly provided services, with the intention to scale up provision to provide services to support the Wellbeing Corporations and those transferring to the Combined Authority.

The diagram below (not to scale), shows the reporting lines between the Front Office and the different aspects of the service delivery models.



The proposed model will provide a single Front Office function for the majority of Lancashire Public Services, while allowing existing access points across Primary and Acute Care to remain in place. Key features of the future model and its associated benefits are presented in the table below.

Table 11 – Key features of the future model of customer contact and benefits

Feature	Benefits
Increased focus on supporting customers to help themselves, accessing the information and services they require in a manner convenient to them, facilitated by increasing access to and the functionality of online offerings.	Allows the potential for maximising financial and customer experience benefits creating opportunities for community collaboration and empowering customers to take increased ownership of their own needs and outcomes.
Standardised processes designed around customer needs to ensure a consistent, high quality customer experience and drive improved performance.	Provides the opportunity to deliver increased efficiencies across both the Front Office and service areas, and provide a platform on which to share the cost of establishing the Front Office function between organisations.
New technology to provide a holistic view of customers and route enquiries to a member of staff with suitable skills and experience.	Ensures a consistent approach to the use of Front Office technology across the system, facilitating data sharing across organisations and providing a platform on which to expand data sharing practices across Primary and Acute care settings at a future point in time.
Consistent and relevant training of front-line staff to achieve customer service excellence and ensure they have the right skills, knowledge and behaviours to respond to enquiries.	Maximise the Front Office's ability to deliver an excellent customer experience, facilitating the delivery of outcomes and improving first point of contact resolution.
Use of customer insight to inform continuous improvement, including the identification of customer groups that will benefit from and be capable of channel shift.	Is central to supporting Demand Management, which will be the main lever for driving efficiencies across the public sector.

The transition to the new Front Office model will be achieved through;

- Simplifying the way in which residents access public sector services, coordinating access to services with 'Wellbeing Corporations' commissioning services from the Front Office function;
- Rationalising existing contact options, with a substantial reduction in the number of phone numbers and email addresses used by residents when accessing public services;
- Establishing forums for community collaboration, creating the opportunity for like-minded groups of citizens, such as existing and prospective foster carers, to support one another and take increased ownership of their own needs and outcomes;
- The Front Office being delivered from a single site, or operating in a coordinated manner on a virtual basis across multiple locations;
- Front Office advisors receiving ongoing specialist training and support; and
- Investment in technology and data management tools, allowing Front Office advisors to view customer information from across the range of public sector services that they serve.

5.2.2.3 Next Steps

Full implementation of the technology and business transformation for front office is estimated to be completed by October 2018. This is based on our experience of Front Office transformation at a range of Local Authorities and is predicated on a framework-based procurement approach, supported by effective programme management, change management, governance and decision making being in place. The route map for transformation is detailed in section 8.

5.2.3 Professional and Support Services

5.2.3.1 Introduction and background

Professional and Support Services provide 'back office' support for all frontline services. These teams cover a range of different processes that support the current service delivery across the County Council.

All local government bodies and Acute Trusts currently carry out professional and support services within their respective organisation. The activity analysis completed at the start of the work confirmed that in LCC alone there is the equivalent of 2,000 FTE across the Council involved in this activity. This is as a result of parts of people's roles involving an element of these support processes and often teams are diverted from their core activities to carry out these processes, without the support of standard processes and appropriate technology.

Across the public sector there is minimal sharing of effort or information across organisations. There are some examples of these activities being provided by an external provider (or elements of them) but in the main they are managed and run from within each organisation. This is resulting in high levels of duplication and significant cost.

A recent analysis of this activity within LCC highlighted that many of these process areas were delivered in a non-standard way leading to duplication and fragmentation of activity. Many of these processes are linked to frontline service delivery functions where staff are being diverted from their core 'day jobs'. The outputs from this analysis for professional & support services can be found in Appendix 12.10.

5.2.3.2 Key characteristics of the future model

The main features of the new Professional and Support Services will be:

- Consolidation of current technology (this could be corporate or service specific software) to support more standard ways of working;
- The use of technology to reduce the fragmentation of key processes, thereby allowing service delivery teams to focus more on the 'day jobs';
- Increasing standardisation across the whole Council; and
- Greater transparency of service provision and cost of recharge.

This will be achieved through:

- More consistent use of existing technology across process areas;
- Creation of a more defined service offering for the agreed processes to drive consistency in the quality of service provision, with clear and standardised Service Level Agreement (SLAs);
- Refreshed process governance to ensure a common set of policies and roles exist across all Professional and Support services, with the transparent allocation of overheads to service areas to better match costs incurred to re-charges; and
- Following the establishment of new internal ways of working, establishment of a commercial model (including marketing strategy) whereby a defined service catalogue of Professional and Support Services could be offered to the wider market.

There are a number of steps that have to be taken regardless of the decision as to whether services could be potentially 'shared' with other organisations. Detailed design for the transformation of Professional & Support services is estimated to be completed by July 2017, with implementation of changes completed by December 2017. The route map for transformation is detailed in section 8.

6 System form and governance

6.1 Governance principles

The development of the Public Service Delivery Model will require new governance arrangements and decision making frameworks to be established to ensure that there is appropriate levels of scrutiny and performance challenge across the integrated service delivery model. In the case of the health and wellbeing agenda, considerations around organisational form will also need to be agreed across all partners, which will in turn inform and shape the governance principles.

These requirements vary in complexity and challenge across the different elements of the model and can be summarised as follows:

- **LCC Direct Service Provision** - current arrangements remain largely unchanged but may need further investigation down the line if LCC decides to transfer services into other delivery bodies;
- **Transferred services** - some changes to governance structures but will be determined as the new Combined Authority takes shape; and
- **Health and Wellbeing** - significant complexity with little precedent set in UK models due to the lack of maturity of these delivery vehicles. Decisions on organisational form will shape the governance arrangements and there will be the need for detailed and complex negotiations to ensure that all partners' regulatory, statutory and democratic accountability requirements are met. Lancashire will ultimately lead the governance agenda that others may follow in the future.

A number of prerequisite principles were set out by LCC that will need to underpin the future Public Service Delivery Model from the Council's perspective. It is likely that other public sector partners will have similar requirements and these will form the basis for detailed discussions as part of the consultation that will commence in January 2017:

- Democratic accountability should be central to the model. For the health and wellbeing elements this will need to be embedded at both the Integrated Commissioning Authority level and within the five Wellbeing Corporations;
- Acute Trusts must have a financial stake in the new health and wellbeing model;
- There will be pooled budgets, and a focus on creating one organisation and one workforce;
- A formal partnership between the County Council and health partners will hold the budget and lead the system, and will need to oversee and manage the new delivery systems, including how to share risk and reward and manage performance;
- The role of political scrutiny needs to be maintained throughout. For the services transferred to either the Combined Authority or into the health and wellbeing system the scrutiny role would rest back with the various sovereign LAs;
- Local Government structural reform is out of scope and whilst there may be opportunities to suggest changes to policy and regulatory frameworks, this will not be considered at this time - e.g. precepting for the Integrated Commissioning Authority is currently out of scope as this would require a new statutory body created as a result of public sector structural reform. In respect of health partners it will be important to seek new solutions within the existing legislative framework in the first instance.

6.2 System governance principles

System governance requires implementation of the proven governance components overlaid with strong partnership principles that are established and apply equally across all partners within the system. Early agreement and sign up to these principles across all public sector partners within the new system will be key to successful system transformation. Governance arrangements will involve multiple partners committing to work together in the long term for delivery of services to a defined population. A key issue will be establishing clear lines of clinical accountability, which will present new challenge for local government and health partners who will assume a wider remit for both health and social care outcomes.

The 8 principles below underpin the effectiveness of the governance framework for whole system working and should be the starting point for the development of the governance arrangements for the integrated health and wellbeing system. This will require significant joint working with partners to arrive at a governance framework that meets the needs of all parties. As much of this is uncharted territory there will be a requirement on engaging with regulators to ensure that regulatory requirements are met across the system. The legal considerations of both the constitution of the Integrated Commissioning Authority and the Wellbeing Corporations and the governance and compliance arrangements will require significant work to arrive at an agreed position.

- 1** *Compelling core shared purpose*

All stakeholders are united in a shared purpose in order to invest the time, effort and resources that will be necessary to work effectively across the system and achieve transformation. A coherent system strategy is in place and organisational plans are aligned with it.
- 2** *Strong leadership*

There is system-wide leadership at all levels and the system has invested in developing collective leadership capability and behaviours. Leaders of member organisations within the system are committed to the system goals and clinical plans.
- 3** *Capability and capacity to deliver*

There must be investment in system level resources and operational roles to deliver plans. Non Executive Directors, lay member and Councillor representatives should be trained and actively participating in the system governance activity.
- 4** *High quality interpersonal relationships*

Whole system working is evolving: it will involve change and uncertainty; it will require shifts in behaviour, open dialogue and trust between leaders across the system to achieve shared goals. There must be an active commitment to work together at all levels across the system, supported by a culture of partnership working.
- 5** *Communication*

There is consistent 360 degree communication within the system, feeding information up to committees/Boards, down to ward/service provision level and between all member organisations within the system.
- 6** *Engagement and accountability*

How decisions are made and a scheme of delegation, with appropriate reporting to sovereign bodies, is in place. There are clear reporting lines and accountability routes. Arrangements for monitoring progress are in place. There is agreement on what constitutes failure.
- 7** *Agreed approach to arbitration, collaboration and competition*

A process for raising and addressing concerns is established at an early stage, rather than assuming conflict will not need to be formally resolved. All stakeholders need access to an agreed mechanism for raising concerns, regardless of their relative size. Working together will inevitably test the boundaries of competition and collaboration: stakeholders need to agree a shared approach at an early stage to set the framework for joint working.
- 8** *Shared risks and benefits supported by robust data*

Stakeholders own and share risks and benefits across the system: initiatives that seek to merely move risks and benefits around the system, rather than addressing them, will fail to achieve the overarching system goals. Effective assurance and risk management should be in place. A single dashboard is needed to inform system decision-making and actions. Performance information should be aligned to the system's purpose and outcome based. Accuracy of the data must be accepted at system level.

6.3 Outline governance arrangements

Discussions with LCC have informed the outline governance arrangements that would need to underpin the new Public Service Delivery Model - the key principles for each element of the proposed model are set out below.

6.3.1 Health & Wellbeing

Setting up an integrated health and social care system has a large amount of complexity due to the legal, regulatory and statutory duties currently placed on the constituent organisations. Ensuring that these obligations are met in the future model whilst maintaining democratic accountability and scrutiny needs to be at the heart of the governance framework as detailed in section 6.1 above.

Governance activity in the early years of the system will have two separate components;

1. Governance of the transformation programme; and
2. Governance of the system, namely the Integrated Commissioning Authority and the five Wellbeing Corporations together with the relationship between them.

At the end of the transformation programme, system governance activity should have shifted from being wholly undertaken by sovereign bodies to being wholly undertaken by the integrated system with an information loop back to sovereign bodies. These mechanisms and the detailed governance arrangements at both the Integrated Commissioning Authority and Wellbeing Corporation levels will need to be negotiated and agreed by all partners involved within the constraints of the current legislative framework. This should happen in advance of the shadow organisations going live. This would form a key workstream in the early phase of the transformation and will need to be established as a key strand of the stakeholder engagement programme.

6.3.1.1 Attributes of the Health and Wellbeing governance framework

A number of attributes have been discussed for inclusion in the governance framework for the integrated healthcare system:

- **Lancashire & South Cumbria Commissioning Authority:**
 - Set the strategic outcomes for the health and social care system and is the source of funding for the Wellbeing Corporations;
 - Will be owned and governed by those organisations with a financial stake who will be responsible for managing the pooled budget;
 - The legal structure for the commissioner could initially be set up as a virtual entity that is managed as a system. This would involve joint leadership and committees to bring together funding, which could be via S75 agreement to achieve a pooled budget for revenue spend. Issues to consider are the restrictions on some services being excluded from S75 agreements e.g. Adoption services;
 - The County Council's statutory officers will act as advisors to the Integrated Commissioning Authority; and
 - Representation from the NHS will sit on the Board alongside Upper Tier Councils as the other major funders.
 - The LCC preferred view for the Integrated Commissioning Authority is that the casting vote would sit with an Elected Representative. This will form part of the consultation across all partners that will determine the design for the new organisation in the next phase.
- **The Wellbeing Corporations:**
 - Each Wellbeing Corporation (WBC) will be a new public sector entity, to be held accountable by Commissioner & regulators for the delivery of a single outcomes based contract;
 - Will be overseen by a Supervisory Board and managed by a team of executive directors, likely to be taken from the existing executive structures and established as part of a formal HR process to be agreed in the next phase;
 - Whilst there will be representation on the Boards from across local government, funding authorities would have casting votes over the non-funding authorities in the governance framework;
 - A key requirement for the five new organisations will be to engage and build capacity with local community providers;
 - There would be appropriate governance at a community level; and
 - Engagement models to be developed locally to include local elected representatives, police, fire, GPs, schools etc. to support and inform Wellbeing Corporation delivery and decision making.

In the review of the emerging care model and contract framework, NHS England acknowledges that the new models of accountable care provision will challenge the boundaries between commissioning and provision. The Multispecialty Community Provider (MCP) vanguards are providing a platform to review the activities that must always remain with the CCG (or other commissioners), and those which can be performed by the delivery vehicle under contract. If the CCGs are to play a role in both commissioning and delivery there will be potential conflicts of interest. NHS England have stated that it would be a requirement for CCGs to take appropriate steps to address this to ensure that a fair and transparent commissioning process is undertaken. This would need to be explored as the governance arrangements and organisational form for the new entities are developed. NHS England is working with MCP vanguards and with legal advisors to establish protocols for managing conflicts of interest in commissioning new care models, and have confirmed that they will publish additional guidance in due course.

- **Decision making and voting rights:**
 - A formula and framework will need to be established to determine at what level the decision making takes place and the mechanism for allocating voting rights across the partner organisations.
- **Regulatory requirements:**
 - Alignment of the new model with each of the regulatory frameworks in scope.
- **Overview and scrutiny role:**
 - Scrutiny will rest back with the sovereign Organisations. Systems for scrutiny will require a review and potential redesign to avoid duplication of effort.

6.3.1.2 Organisational form

In determining the vision for the future provision of an integrated health and social care system in Lancashire, the County Council proposes that both the new Integrated Commissioning Authority and the five Wellbeing Corporations should be new legal entities that are made up of partner organisations with a stake in the success of the new model. When considering the future legal structure of the Integrated Commissioning Authority and the Wellbeing Corporations, there are a number of questions that will need to be answered and agreed across all partners via a process of negotiation to determine the most appropriate organisational form:

Will the entity be incorporated?	Is the company a separate legal entity?
What factors will make up the company objects?	Are there any requirements which restrict what the organisation’s objectives must be?
How and where are surpluses redistributed?	If the organisation makes a surplus/profit, where does this get re-invested?
How are deficits handled?	If the organisation makes a loss, how is the deficit handled to achieve a balanced budget?
Regulatory requirements?	Which regulatory bodies will the new company need to liaise with regarding its structure and how will the relevant regulatory frameworks impact on the company structure and its relationship with its owners?
Financing?	How will the organisation raise and allocate funds?

Integrated health and social care systems are emerging across the country and whilst the evidence base in the UK is not yet formed, evidence from overseas has recognised these models as both a means of delivering health and wellbeing services at lower cost as well as supporting the providers operating within the system to shift their focus from service management to health management, where the hospital is no longer at the centre of the health system as the focus shifts to the promotion of health and the prevention agenda.

Determining the new organisational form for the Integrated Commissioning Authority and the Wellbeing Corporations will require consideration from all partners to ensure that the respective legal, statutory and regulatory requirements are met. An example of the types of models that could be considered are detailed in the diagram below. It is proposed that, regardless of form, these organisations would be wholly owned by the public sector partners within the system.



Any one of these forms will require detailed negotiation around legal and constitutional issues including tax structures in order to make the organisations as tax efficient as possible, pensions where membership of existing pension schemes will require consideration for transferring employees and regulation where early engagement with the respective regulators should be factored into the development of the organisational form and governance discussions.

6.3.1.3 Mitigating provider risk

A key factor in determining the most appropriate organisational form and structure will be in respect of the risk sharing arrangements within the system in order to create clarity around what would happen in the event of failure. The greatest area of risk is health and social care demand. The Integrated Commissioning Authority will be accountable to its Governing Body and will in turn hold the Wellbeing Corporations to account for the delivery of the agreed outcomes.

A clear and robust performance management framework will need to be established that includes indicators around performance trajectory to enable dips in delivery performance and potential failure to be identified and managed early. Depending on the type and degree of failure, a Wellbeing Corporation would in the first instance be subject to a special monitoring plan. The Integrated Commissioning Authority would also have the authority to immediately terminate the contract and or instigate special measures. Should delivery failure materialise, the accountability for statutory duties will continue to rest with the sovereign authorities.

6.3.1.4 Next steps

- Alongside public sector partners, design future governance arrangements, including core principles & responsibilities, membership, attendance and decision making arrangements for the Boards;
- Engage regulatory bodies to determine alignment with the relevant regulatory frameworks and to agree where regulation takes place – legacy organisation or Wellbeing Corporation. This will inform the overarching governance framework;
- Review the statutory duties of Overview & Scrutiny within the Local Authority partners to determine changes to constitution; and
- Determine the legal considerations that will need to underpin the legal construct of the Integrated Commissioning Authority and Wellbeing Corporations.

6.4 Governance arrangements – LCC Direct Service Provision

The governance arrangements for LCC Direct Service Provision will largely stay as they are currently, but there is an opportunity to simplify and standardise current arrangements, if necessary, during the service review and evaluation process.

6.4.1 Next steps

A full mapping exercise of current governance remits and roles to identify any areas to simplify and standardise.

6.5 Governance arrangements – services transferred to the Combined Authority

The governance arrangements for the Combined Authority are currently in development. Negotiating the scheme of governance for Lancashire will be a key part of the role of the Combined Authority. The governance arrangements for the services transferring, particularly in light of the potential for an Elected Mayor as part of the devolution deal, will be determined at this time.

6.5.1 Next steps

- Shadow Combined Authority to formally consider the proposals set out in this report;
- A full mapping exercise of current governance remit and roles undertaken by LCC in relation to the services that would transfer to the Combined Authority;
- Define the Constitution and Governance arrangements of the Combined Authority under the proposed model;
- Define the legal and regulatory set up so the Combined Authority is constituted to undertake service delivery; and
- Agree the scheme of governance that will underpin the services being transferred to the Combined Authority.

6.6 Key decisions

In advance of the implementation of the future Public Service Delivery Model there are a number of key decisions that will be required to ensure that partners are fully bought in to the new model and that the integrity of the democratic decision making process is maintained and that political leadership for the new model is established. These are detailed below:

Number	Decision required	Decision from	Likely timeframe
1	Preferred option for future organisational form	Public Sector Partners	June 2017
2	Detailed governance arrangements including ownership and distribution of voting rights	Public Sector Partners	June 2017
3	Validation of the Updated Business Case including the preferred organisation form and governance arrangements	LCC Cabinet	July 2017
4	Implementation milestones, shadow running arrangements and programme resources	LCC Management Team	July 2017
5	Risk sharing agreements	LCC Cabinet	September 2017

The timescales above assume that January 2017 through to June 2017 will be focused on the engagement of partners to secure buy-in for the new model followed by the establishment of strategic task and finish groups in order to reach a consensus on the organisational form and governance requirements for the new integrated health and wellbeing organisations. By July 2017 the Business Case should be updated following the stakeholder engagement when there is a clearer picture of who is willing to work within the new service delivery model. Also, by this time the new administration for LCC will be in place and established. This is the point at which the respective Elected Representatives from across all of the democratically elected partners should be asked to validate the updated Business Case and select a preferred organisational form and governance structure.

7 Changes for Stakeholders

The future Public Sector Service Delivery Model for Lancashire will require significant change across all stakeholders in Lancashire. Public sector partners involved in the delivery of services will be the catalyst for driving this change. The journey from present day to future state will enable the public sector partners within the county to step into a leadership role and set a new precedent for transformational public sector reform. The future model presents an opportunity for all public sector partners (including District Councils, Unitary Authorities, LCC, health, Fire and Police) to come together to integrate service delivery to deliver place based services that achieve the right outcomes for Lancashire. Demand management will be key to driving better outcomes for the population, achieving a greater focus on prevention, and to reduce the financial pressures on the health and social care system.

There is no doubt that this scale of change will present challenge across the system. However, there are significant benefits to be derived as a result of an integrated service delivery model that places the citizen at the heart of its strategic direction and builds community capacity to enable the re-empowerment of local communities.

Transformation programmes of this scale are unprecedented in the public sector and strong public sector leadership together with dedicated resources to drive the change will be required. It is imperative that, during what could be a three to five year transition, frontline service delivery is maintained and optimised in order to ensure that the current organisations that will form part of the future service delivery models are in the best shape possible and continue to fulfil statutory duties. This will likely involve a focus on efficiency and preparing the functions for transfer. For LCC, where a number of functions will remain within the County Council there is an equal requirement to standardise and simplify processes and in some cases, prepare for sharing and possible further trading of services. An outline view of the impact on each of the major stakeholders that will be impacted by the change are detailed below.

7.1 Citizens of Lancashire

The new service delivery model for Lancashire places the citizen at the heart of the service delivery agenda through the development of strategies that are tailored to the needs of local communities. Key to the model is a focus on the prevention agenda, where re-establishing the accountability for personal health and well-being to local people and communities and reducing dependency on public services is key. Above all citizens will see simplified access to the right service at the right time.

7.1.1 Health and Wellbeing Services

The transfer of all services relating to health and wellbeing into five Wellbeing Corporations will simplify the currently complex service delivery landscape.

7.1.1.1 *The current position:*

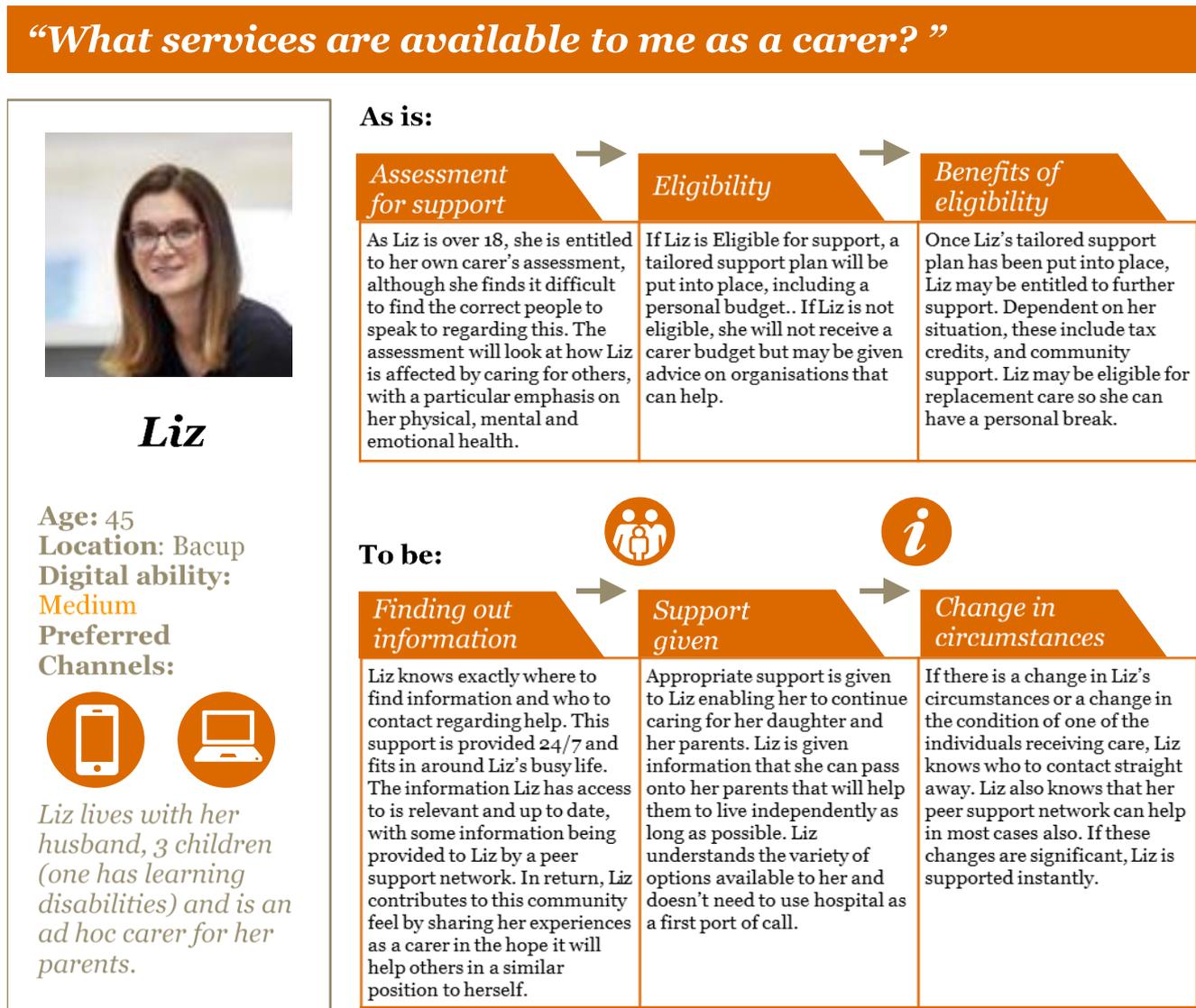
Once the level of need extends beyond access to local services – e.g. GP's and dentists, citizens find the current access routes into public services relating to health and wellbeing confusing and time consuming. Many organisations work in silos and their role and remit is unclear to the citizen. This often results in multiple contacts across numerous organisations in an attempt to find their way through the public sector. This often comes at a time when unplanned events/crises have taken place and can add to the stress of the situation for the individual and their families.

7.1.1.2 *The future state:*

Citizens will continue to access local services directly – for example, when booking a doctor's appointment they will continue do this via the local surgery. Similarly, access to acute services (e.g. hospital appointments) will retain their existing channels which will be well known by the communities that they serve.

For access to services that extend beyond those familiar to citizens there will be a single 'Care Navigator' service that will provide coordinated access to Health, Social Care and 3rd sector services for citizens and professionals. This will vastly reduce the number of access points for public sector services and will ensure that the citizen is signposted to the right place at the right time for all health and wellbeing needs.

A typical customer journey that articulates the ‘as-is’ position and provides an example of the benefits of the care navigator function is set out below.



7.1.2 A range of example customer journeys illustrating the benefits of the model are set out in Appendix 12.12. LCC Direct Service Provision

The services provided directly by LCC will be subject to early review with a view to optimising the way in which services are delivered with a focus on simplifying and improving the customer experience. The services in scope will include Traded Services, Highways Services and Education Services. The Council’s Democratic Core would also sit in here.

7.1.2.1 The current position:

Access to the services that the Council currently provides is fragmented with many contact options being offered in an often inconsistent way across the different services. Information on how, when and why services are being delivered is at best fragmented and often not gathered. Data sharing across organisations is not established as part of the delivery system. Similarly to other public sector partners, the Council generally interacts with customers on a transactional versus a relationship basis, which adds in additional cost and adversely impacts the customer experience.

7.1.2.2 *The future state:*

An early priority for the Council in terms of optimising its directly provided functions will be to rationalise the number of contact options to achieve a substantial reduction in phone numbers and email addresses used by citizens to access public services. This will capture both its directly provided services and the wider public sector services where the Council provides a Front Office service - e.g. the Wellbeing Corporations.

There will also be a focus on implementing a 'single view of the customer' strategy that will see investment in data management tools, which will enable staff in the Front Office to view customer information across the range of public sector services.

7.1.2.3 *County Wide Services by the Combined Authority*

The Combined Authority is proposed to be the body to take over responsibility for County Council services that are not dependent on locality and are better delivered at a county-wide level. This will include services such as, Waste Management, Economic Development, Strategic Transport and Strategic Planning. This will support the prosperity and growth agenda that underpins the current draft LCC Corporate Strategy and that of other partners by taking a more strategic view across these services.

From a citizen perspective there will be no changes to the access arrangements for these services. The strategic services including Strategic Transport, Planning and Economic Development are not citizen facing. For public transport, the proposal is for the LCC Front Office to manage these enquiries. For waste collection services the access point for reporting issues and making enquiries will continue to be at a District Council level.

A range of customer journeys illustrating the benefits of the model are set out in Appendix 12.12.

7.2 *Democratically elected individuals*

Democratic accountability for Elected Representatives will be maintained across every element of the new Public Sector Service Delivery Model. For those services being retained by the Council there will be no change to current arrangements. Similarly, for those services that are proposed to transfer to the Combined Authority (CA) any changes will be minimal and will evolve over time as the governance and accountability of the CA takes shape and is agreed with its constituent members.

The major changes relating to Elected Representatives will be in relation to the Integrated Commissioning Authority and Wellbeing Corporations where new governance arrangements and responsibilities will need to be agreed across public sector partners. These outline proposals are explored in section 6, however this is a highly complex area that will need to be developed alongside partners in future phases of work. Sitting at the centre of this will be the leadership role of local government, which becomes broader as its Elected Representatives at a County and District level will have oversight of and accountability for wider health outcomes as part of the governance arrangements that will underpin the Integrated Commissioning Authority and each of the five Wellbeing Corporations.

7.3 *Public Sector partners*

The future model presents an opportunity for all public sector partners (including District Councils, Unitary Authorities, LCC, health, Fire and Police) to come together to integrate service delivery to deliver the right outcomes for Lancashire without the need for Local Government structural reform. The key changes for existing partners are summarised in table 12 below:

Table 12 – Key changes for public sector partners

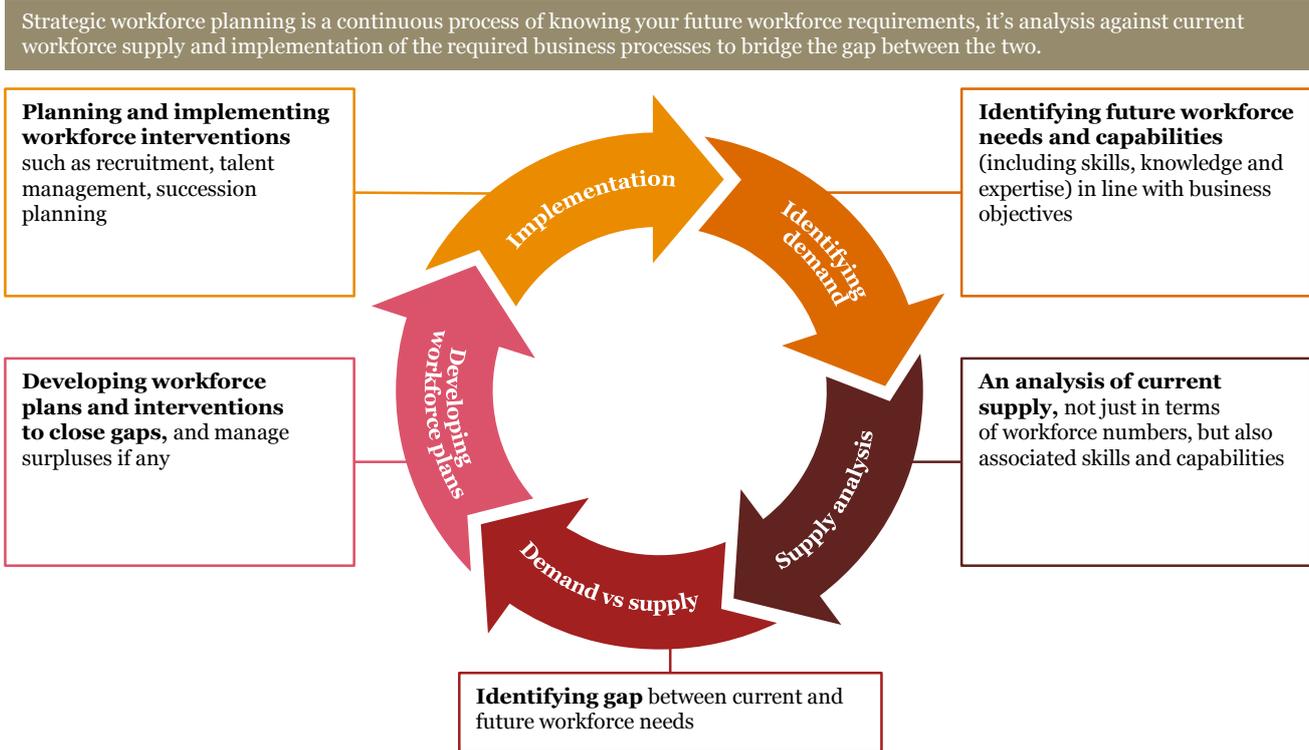
Organisation	Key changes	Action required to support the change	Benefits
Upper Tier Authorities	<ul style="list-style-type: none"> Transfer of social care commissioning & delivery roles, Learning Disability services and Public Health into 5 Wellbeing Corporations; Shared ownership of Wellbeing Corporations including health elements; Transfer of some county-wide services to the remit of the Combined Authority e.g. Waste Disposal, Economic Development; Local Government taking ownership and accountability for health outcomes; Reframing the role of scrutiny at both Integrated Commissioning Authority level and for the WBCs; Optimising of directly provided services including Professional & Support services through standardising and simplifying processes; and Expansion of the Front Office to include a single view of the customer, digital channel access & shift, and data analytics. 	<ul style="list-style-type: none"> Align service delivery to the 5 STP footprints; Support pooled budgets across social care, Public Health and Health; Transfer functions, staff & budgets into new delivery vehicles; Establish appropriate governance arrangements to maintain democratic accountability; Retain statutory accountability whilst transferring delivery responsibility to alternative service delivery vehicles; Commit to a long term (c5-year) change journey starting with service optimisation in retained functions; Commitment to build capacity at a community level; and Agree defined change milestones. 	<ul style="list-style-type: none"> <i>Citizen Focus</i> – Improved outcomes and local empowerment of communities to support the Citizens of Lancashire. <i>Demand Management</i> – Preventative and re-direction of services. <i>Integrated Ways of Working</i> – Removal of organisational boundaries. <i>Productivity Efficiencies</i> – Reconfigure services and integrated pathways. <i>Financial Impact</i> – sharing the financial risk across public sector partners. <i>Governance</i> - Greater system leadership role around health outcomes. <i>Waste Services:</i> <i>Integration</i> – remove complexity, improve demand management and standardise collection services. <i>Economies of Scale</i> – Re-configuration and re-commissioning of waste services. <i>Logistics</i> – Re-define service delivery boundaries.
District Councils	<ul style="list-style-type: none"> Act as an enabling vehicle for service delivery at an Identifiable Community level; Transfer of waste collection services into the Combined Authority; A new role in the performance management of health outcomes as part of Wellbeing Corporation governance (WBC); and Alignment of housing, leisure and other wrap-around services with Wellbeing Corporation offer. 	<ul style="list-style-type: none"> Commitment to transfer waste collection services and associated budgets into the Combined Authority; and Willingness to participate more in the democratic accountability around health and wellbeing. 	<ul style="list-style-type: none"> <i>Governance</i> - Greater system leadership role around health outcomes. <i>Waste Services:</i> <i>Integration</i> – remove complexity, improve demand management and standardise collection services. <i>Economies of Scale</i> – Re-configuration and re-commissioning of waste services. <i>Community safety:</i> Better outcomes due to more focus on identifiable communities.
Health Partners (Includes both Primary and acute)	<ul style="list-style-type: none"> Shift into outcomes based commissioning at a system level; Transfer of commissioning & delivery roles into 5 Wellbeing Corporations; Shared ownership of Wellbeing Corporations including social care elements; and New needs based funding model for frontline services. The shift from Payment by Results to be a key enabler for the Wellbeing Corporations 	<ul style="list-style-type: none"> Align service delivery to the 5 STP footprints; Support pooled budgets across social care and Public Health; Transfer functions, staff & budgets into new delivery vehicles or supply chain of Wellbeing Corporations; Commitment to build capacity at a community level; and NHS regulatory frameworks and requirements need to be accommodated in the new model. 	<ul style="list-style-type: none"> <i>Citizen Focus</i> – Improved outcomes and local empowerment of communities to support the Citizens of Lancashire. <i>Demand Management</i> – Preventative and re-direction of services. <i>Integrated Ways of Working</i> – Removal of organisational boundaries. <i>Productivity Efficiencies</i> – Reconfigure services and integrated pathways.

Organisation	Key changes	Action required to support the change	Benefits
Other public sector partners providing 'universal' services' - e.g. Schools, Fire, Police	<ul style="list-style-type: none"> Opportunity to integrate services they currently provide at an Identifiable Communities level; Data sharing across the public sector to inform the prevention agenda and support demand management; and Developing strategies and a service offer in the context of the wider outcomes for Lancashire. 	<ul style="list-style-type: none"> Formalise involvement of the universal services through involvement in the Wellbeing Corporation Supply Chain. 	<ul style="list-style-type: none"> <i>Citizen Focus</i> – Improved outcomes and local empowerment of communities to support the Citizens of Lancashire. <i>Demand Management</i> – Preventative and re-direction of services. <i>Integrated Ways of Working</i> – Removal of organisational boundaries particularly in respect of data sharing.
Voluntary (3rd) sector organisations	<ul style="list-style-type: none"> Increase skills capacity to support the shift to prevention versus crisis/cure; and Expansion of responsibilities to more actively input into care plan creation and management. 	<ul style="list-style-type: none"> Formalise involvement of 3rd sector agencies in integrated pathways through becoming part of Wellbeing Corporation Supply Chain. 	<ul style="list-style-type: none"> <i>Citizen Focus</i> – Improved access to 3rd sector services, increased community empowerment and delivery of improved outcomes. <i>Demand Management</i> – Preventative measures to re-direct demand from acute care and community based health and social care services.
Voluntary Sector - Community Providers	<ul style="list-style-type: none"> Increase skills capacity to support the shift to prevention versus crisis/cure; and Involvement in care plan creation and management. 	<ul style="list-style-type: none"> Formalising community groups into the wellbeing system; and Capacity building to enable involvement and contribution to the prevention agenda. 	<ul style="list-style-type: none"> <i>Citizen Focus</i> – Improved access to 3rd sector services, increased community empowerment and delivery of improved outcomes. <i>Demand Management</i> – Preventative measures to re-direct demand from acute care and community based health and social care services.
Private sector delivery partners	<ul style="list-style-type: none"> Limited impact - commissioning and management of private sector delivery partners to be the responsibility of the Integrated Commissioning Authority and 5 Wellbeing Organisations; and Potential representation on the Wellbeing Corporation. 	<ul style="list-style-type: none"> Ensuring that these organisations are sustainable and are established as a formal part of the service delivery system. 	<ul style="list-style-type: none"> Easier public sector 'system' to work within.

7.4 Public Sector employees

The implementation of the Public Service Delivery Model for Lancashire will require significant changes to current workforce arrangements across many of the public sector delivery partners including local government and health. The workforce component of each of the service delivery blocks will be a key enabler as organisation detailed design is completed and moves forward into implementation. The focus for the next period of change will be to manage the ongoing tactical aspects of workforce management whilst focusing on a more strategic view of what skills, capability and capacity will be required to support the public sector of the future.

Across each of the service delivery blocks, strategic workforce planning will need to be established and embedded. At the current time, the focus is on tactical recruitment based on immediate need within organisational boundaries across the public sector. In the future, a continuous process of planning for future workforce needs and structuring resources to be sufficiently agile to meet this need will challenge the traditional approaches to recruitment, development and retention that are common within the public sector. For those staff transferring into new organisational constructs this will need to be managed across future and legacy organisations as the transformation takes shape. Failure to bring a high degree of coherence to this could be the single biggest risk to delivery for the future organisations.



Any changes to current workforce arrangements will need to be properly planned and preceded by formal consultation and negotiation with the relevant Trade Union bodies. It is therefore not appropriate or possible at this stage to go into detail around what these changes may look like. It is important to outline the types of macro workforce changes that would be expected in each of the service delivery blocks. These are detailed in the sections that follow.

In addition to the changes at an individual service block level, it must be acknowledged that there will be a requirement to invest in Lancashire’s capacity to lead and deliver change of this scale. Whilst many of the organisations will have invested on their own account from time to time, this degree of public sector integration and alignment of change programmes will require a continued and structured approach to develop a single, shared methodology or language around improvement across Lancashire and its constituent partners.

7.4.1 Employees transferring to the Integrated Commissioning Authority

It is proposed that the Lancashire & South Cumbria Integrated Commissioning Authority will determine the required outcomes for the wellbeing of the population of Lancashire and contract with the five ‘Wellbeing Corporations’ to deliver services focused on the achievement of these outcomes. Whilst the strategic importance of this ‘thin commissioning’ organisation will be significant it is expected that the final size of the organisation in terms of headcount will be relatively modest. It will consist of a small Executive Team and a number of strategy and policy staff and performance management resources that will likely be transferred from the legacy organisations. During the setup phase of the health and wellbeing system this could be a virtual organisation that is managed via memorandum of understanding between the funding partners and Section 75 agreements. This will be a key consideration for detailed design element of the work.

It is not anticipated that the bulk of staff resources currently working in a commissioning capacity across the public sector organisations would transfer into this organisation. It is more likely that these staff would be in scope to move into the commissioning teams in one of the five Wellbeing Corporations. However, the statutory officers from LCC will act as advisors to the Integrated Commissioning Authorities.

7.4.2 Employees transferring to ‘Wellbeing Corporations’

It is proposed that as new public sector entities, the ‘Wellbeing Corporations’ will each have an Executive Team that will lead the organisation and be accountable for its effective operation and performance. The organisations will likely be resourced by a blend of staff transferring into the organisations from across public sector partners and new capability that is required to deliver new outcomes for the county. Whilst the HR and legal process for transfer from legacy organisations into the corporations will need to be designed and agreed with the respective Trade Unions, it would be reasonable to expect that strategic workforce planning will underpin the sizing of the new staffing requirements and that new role profiles that align to the desired culture of the new organisation will be implemented.

The new organisations will be focused on delivering the health and wellbeing outcomes contracted by the Integrated Commissioning Authority. Each organisation will focus on one of the geographical footprints outlined in the Sustainability and Transformation Plan. The benefits for staff of bringing service delivery under a single integrated delivery vehicle are numerous and include:

- A single view of the citizen enabling seamless service delivery;
- Part of a single management structure;
- Alignment of decision making that is focused on the achievement of contracted outcomes;
- Shared resources and shared systems;
- Removal of organisational boundaries, cutting down the time spent on bureaucracy;
- Access to current data on every citizen accessing services - as a result of integrated IT and coordinated data sharing;
- Ability to plan forward - based on need; and
- Improved career paths - as a result of investment in career planning and training.

7.4.3 Employees remaining with Lancashire County Council Services (including Professional & Support Services)

For employees remaining with the County Council the changes will be minimal and will focus on service improvements with a view to optimising service delivery.

7.4.4 Employees transferring to the Combined Authority

Employees currently working within the services that are proposed to be transferred to the Combined Authority will transfer with their service following full and proper consultation with Trade Unions. The timing of this will align with the emerging governance and management arrangements for the Combined Authority. For the purpose of outline planning for the transfer of these services it has been assumed that decisions will be taken on a service by service basis and that where the decision is to complete formal transfers of staff and budgets that this will likely take place after a period of informal alignment of resources to the Combined Authority. This will enable the Combined Authority to set up the appropriate management structures in advance of any transfer.

7.4.5 Employees in the Front Office

The Customer Access Team is a core function that already provides a good level of service for circa 30% of the County Council’s services. This team would remain within LCC in its current construct, along with an expanded remit that would see them providing the Care Navigator role on behalf of the Wellbeing Corporations in addition to continuing to service the Council’s Direct Service Provision functions. A reduction in the number of existing contact options together with channel shift to more digital solutions for simpler queries means that the roles of these staff will not change. Whilst sizing each of the support functions will take place as part of the detailed design, it is anticipated that the impact on headcount and staff costs will be neutral.

8 The implementation roadmap

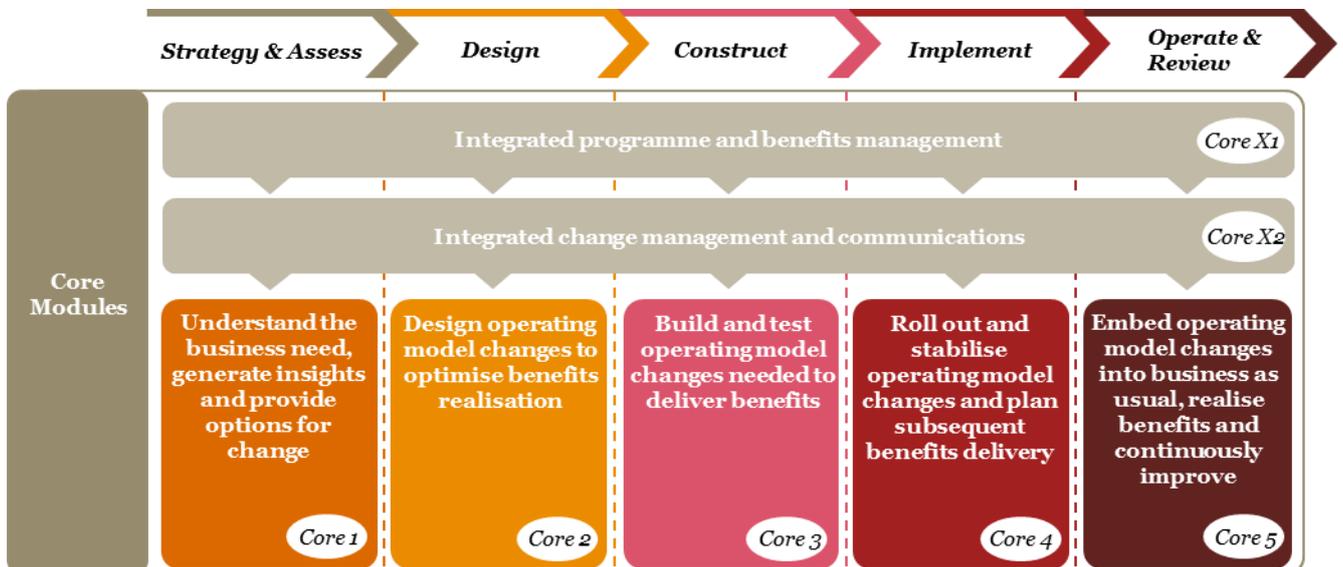
8.1 The journey to Public Sector Integration (5 year timescale)

The following principles underpin implementation of the Public Service Delivery Model:

Citizen at Heart	Citizen will be at the heart of all decisions made around service provision and delivery, providing holistic, tailored services based on need.
Place	Services will be configured and delivered around place.
Benefits led	Prioritise delivery of benefits as early as possible, whilst maintaining quality of service. This will be informed by detailed planning, with implementation supported by a robust benefits management approach.
A collaborative partnership	Bring together the very best skills and experience from Lancashire County Council and its partners as one delivery team. All parties will work together and be represented in the design of the solutions.
Open and clear communications	Both internally and externally, open, clear communication will be key to driving the right behaviour of both customers and business users to realise the benefits.
Technology as an enabler	Use technology to enable the transformation of the system, improving the day to day life for staff and customers, and saving costs across the public sector.

8.1.1 Transformation methodology

PwC’s methodology for ensuring successful change is a flexible and scalable approach to delivering all aspects of a change initiative, from strategy through to implementation and operation. The methodology emphasises quality, delivers consistent service, and focuses on value. Change initiatives are separated into five stages, as represented in the diagram below;



This methodology underpins the remainder of this section, and has been used to develop a series of transformation roadmaps as follows;

- Overall Public Service Delivery Model programme plan on a page** - This shows the overall sequencing of the stages and overall transformation roadmap for the five change initiatives at high level;
- Six month plan on a page** - This shows the key activities for the change initiatives to be undertaken in the first six months at a greater level of detail;

3. **Individual programme plan on a page** - This shows the overall sequencing of the stages, plus workstreams needed to enable the change for each of the five areas of the new Public Service Delivery Model;
4. **End to end activities and outputs** - This shows the key outcomes, activities and outputs that are required in each stage of the individual programme.

Overall Public Services Delivery Model programme plan on a page

The timeline has been constructed to reflect the LCC financial challenge and the timescales that would need to be met to deal with LCCs financial position as set out in Statutory Services Budget Review report published in September 2016. Below is the indicative Overall Programme Level plan on a page, which shows the sequencing of the five change initiatives. The plan is based on the number of weeks to undertake each of the activities in the stages. To assist with planning, it is assumed each programme will mobilise in January. If this is not the case, the time elapsed will push dates out the corresponding amount, e.g. if Professional & Support Services doesn't mobilise until July 17, the end date for the programme will be June 18. The financial analysis set out in section 9 of this report has been underpinned by this timeline.

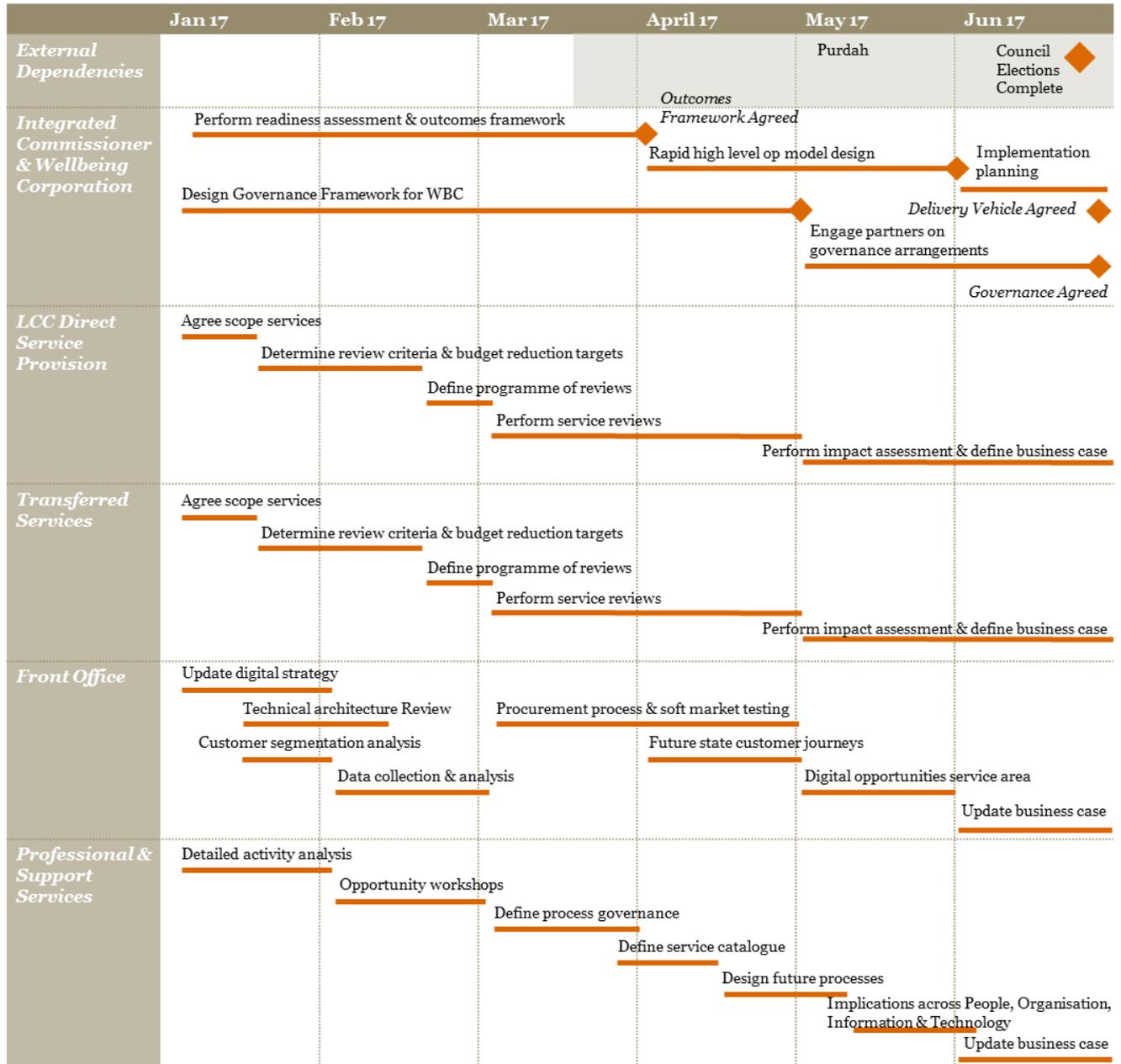


There is a lot of activity within the first 6 months from mobilisation, and this is a crucial time for Lancashire County Council and partners to mobilise the assess and design phases of work. It is envisaged that the changes to LCC Direct Service Provision will be fully implemented by December 2017 if mobilised in January 17. For Professional & Support services which focuses mainly on service optimisation and efficiency, we envisage a one year transformation timeline, starting January 17. This is based on our experience of delivering similar transformation else. The most complex programme of work, the Wellbeing Corporation, will be fully operational from April 2019. This is dependent on engagement with partners, commencing January 17 with a confirmed proposal for organisational form and governance decided in July 17.

The overall proposed timescales for Transferring Services to the Combined Authority is dependent on the timetable for developing the new authority. In section 8.2.3, the overall outcomes, activities and outputs are defined by stage.

Six month plan on a page

As the first six months are crucial for the successful implementation of the Public Service Delivery Model, this has been developed in more detail below;

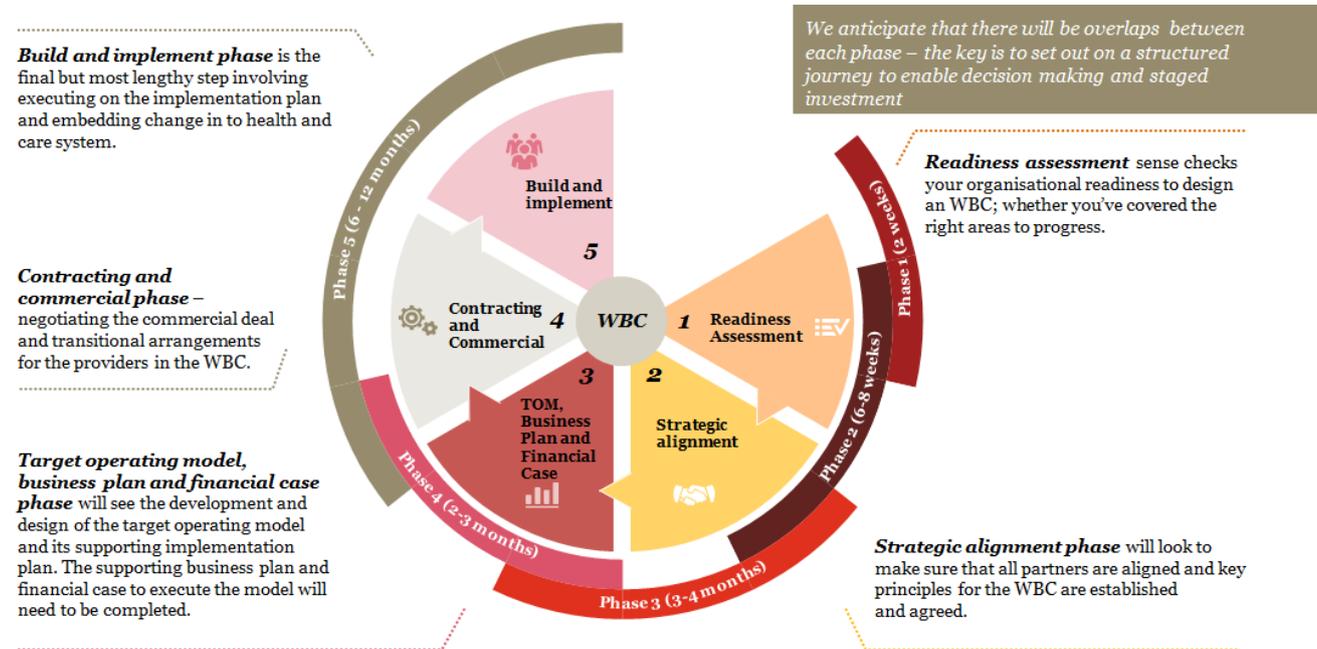


8.2 Individual programme delivery plans

The five high level programme delivery programme are presented below for each of the Programmes of work. Each programme is made up a number of workstreams required to deliver the vision and objectives, and these are listed on the left hand side of the delivery plans.

8.2.1 Integrated Commissioning Authority and Wellbeing Corporations

Below is the high level approach and timescales for designing and implementing the Integrated Commissioning Authority and the 5 ‘Wellbeing Corporations’ (see Appendix 12.13 for a 6 month Wellbeing Corporation Plan).



8.2.1.1 End to end implementation activities and outputs

4 months	3 months	9 months	12 months
Detailed Design	Construct	Implement	Operate
Outcomes by end of stage <ul style="list-style-type: none"> The Target Operating Model for the new organisation is developed; The supporting business and financials plans are complete; Formal governance arrangements designed and agreed by all partners. 	Outcomes by end of stage <ul style="list-style-type: none"> An initial contract agreed; Criteria, timelines and scope for contract expansion; GP contracts aligned. 	Outcomes by end of stage <ul style="list-style-type: none"> The WBC vehicle established; The WBC shadow organisation in place; Staged implementation drops; Interim working arrangements. 	Outcomes by end of stage <ul style="list-style-type: none"> Benefits are realised from new ways of working; Cultural change is embedded within the new organisation; Continuous monitoring and improvement.
Key activities undertaken <ul style="list-style-type: none"> A1.1 Developing the business plan, financial case and underpinning TOM; A1.2 Develop detailed business case; A1.3 Design governance arrangements, and consult with partners; A1.4 Formal engagement on hold during purdah period; A1.5 Perform people and organisation impact assessment and document implications; A1.6 Develop standard operating procedures; A1.7 Design technology requirements. 	Key activities undertaken <ul style="list-style-type: none"> A2.1 Negotiate the WBC contract from a provider perspective; A2.2 Align current contracts; A2.3 Set up governance arrangements and the WBC vehicle; A2.4 Secure funding for WBC A2.5 Commence public engagement; A2.6 Commence HR consultation for affected staff; A2.7 Technology procurement and configuration. 	Key activities undertaken <ul style="list-style-type: none"> A3.1 Appointment of senior management teams; A3.2 Shadow WBC set up Apr 18; A3.3 Shadow commissioner established Apr 18; A3.4 Commence comms and marketing campaign for residents; A3.5 Commence training for affected staff; A3.6 Implement standard operating procedures; A3.7 Each WBC tailors Op Model for local needs; A3.8 Implement new technology platform. 	Key activities undertaken <ul style="list-style-type: none"> A4.1 Staff are transferred into new organisation; A4.2 Formal WBC running from Apr 19; A4.3 Embed new processes and policies into WBC; A4.4 Focused benefits management and realisation.
Deliverables by end of stage <ul style="list-style-type: none"> D1.1 Detailed Target Operating Model; D1.2 Process maps; D1.3 Organisational structures; D1.4 Governance Framework and Terms of Reference for Boards. 	Deliverables by end of stage <ul style="list-style-type: none"> D2.1 Contract catalogue; D2.2 Commissioning strategy; D2.3 Contract opportunity assessment; D2.4 Outcomes based commissioning strategy; D2.5 Release and implementation plans. 	Deliverables by end of stage <ul style="list-style-type: none"> D3.1 Five tailored op models for local needs; D3.2 Updated benefits profile. 	Deliverables by end of stage <ul style="list-style-type: none"> D4.1 Post implementation review.

8.2.1.2 Key milestones

The key milestones for successfully implementing the Integrated Commissioning Authority and the 5 Wellbeing Corporations are presented in table 13 below:

Table 13 - Outline of the key milestones for the Integrated Commissioning Authority and Wellbeing Corporations

Milestone	Description	Date
Strategic Alignment of Partners Complete	Initial wave of stakeholder engagement between partners with a stake in Integrated Commissioning Authority and Wellbeing Corporations to agree principles complete.	By Apr 17
Future Model Agreed	Delivery vehicle for five Wellbeing Corporations are agreed by LCC Cabinet after consultation with partners.	By Jul 17
Organisational Form & Governance Arrangements Agreed	Legal structures, organisational form and governance arrangements agreed by stakeholder partners with a view to informing future MoU, with formal governance arrangements to follow.	By Aug 17
Public Consultation Complete	Once Political Administration is established and partners have agreed a position, there will be a Formal Consultation with the public.	By Sept 17
Shadow WBC Established	Senior Management Teams appointed for each of the five Wellbeing Corporations and shadow governance arrangements in place. Shadow contracting arrangements in place and virtual new delivery arrangements in place.	By Apr 18
Integrated Commissioning Authority Established	Integrated Commissioning Board set up with agreed representation, with view to start awarding outcome based contracts.	By Apr 18
Formal WBC Established	Staff formally transferred through TUPE into Wellbeing Corporation, and functioning as separate legal entity.	By Apr 19

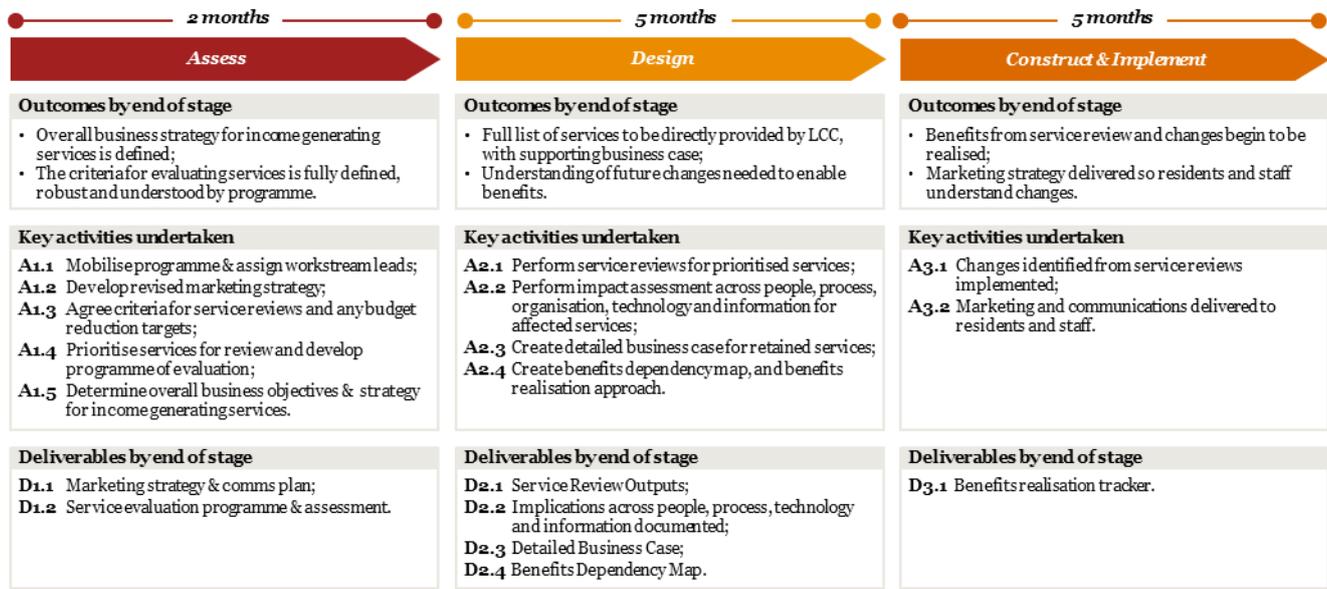
8.2.1.3 Individual programme plan on a page

Below is the individual programme plan on a page for developing and implementing the Integrated Commissioning Authority and five Wellbeing Corporations;

Integrated Commissioner & Wellbeing Corporation					
Workstreams	Jan – Jun 17 (6 months)	Jul–Nov 17 (4 months)	Jul–Sep 17 (3 months)	Dec–Aug 18 (9 months)	Aug 18– Aug 19 (12 months)
	<i>Assess & High Level Design – Readiness & Strategic Alignment</i>	<i>Detailed Design – Target Operating Model, Business Plan & Financial Case</i>	<i>Construct – Commercial & Contracting</i>	<i>Implement – Implement</i>	<i>Operate – Shadow WBC Running</i>
Programme Management	<ul style="list-style-type: none"> Define WBC Scope and Pathways; Define detailed implementation plan; Complete PID. 	<ul style="list-style-type: none"> Developing the business plan, financial case and underpinning Operating Model; Develop benefits dependency map; Develop detailed business case. 	<ul style="list-style-type: none"> Negotiating the WBC contract from a provider perspective. Aligning current contracts. 	<ul style="list-style-type: none"> Updated financial & business case. 	<ul style="list-style-type: none"> Perform post implementation review.
Governance	<ul style="list-style-type: none"> Define WBC delivery vehicle; Finalise design for WBC governance model; Agree care outcomes and outcomes framework; Provider sign MOU. 		<ul style="list-style-type: none"> Setting up governance arrangements and the WBC vehicle; Align current contracts; Secure funding for WBC. 	<ul style="list-style-type: none"> Appointment of senior management teams; Shadow WBC set up Apr 18; Shadow commissioner established Apr 18. 	<ul style="list-style-type: none"> Take on of initial contract; Formal WBC running from Apr 19.
Comms & Engagement	<ul style="list-style-type: none"> Complete stakeholder mapping; Carry out engagement with partners, including strategic alignment and agreed organisational form. 	<ul style="list-style-type: none"> Commence public engagement; Commence HR consultation for affected staff. 		<ul style="list-style-type: none"> Commence comms and marketing campaign for residents. 	
People & Organisation	<ul style="list-style-type: none"> Perform WBC Readiness Assessment; Alignment of organisational forms between partners. 	<ul style="list-style-type: none"> Perform people and organisation impact assessment and document implications. 		<ul style="list-style-type: none"> Commence training for affected staff; Commence transferring staff into WBC from Jun 18. 	<ul style="list-style-type: none"> All staff transferred into WBC.
Process & Technology	<ul style="list-style-type: none"> Define high level care pathways; Gather baseline data to inform benefits case; Perform detailed cost and benefits analysis; Complete gaps in system business case. 	<ul style="list-style-type: none"> Develop standard operating procedures for WBC; Design technology requirements for WBC. 	<ul style="list-style-type: none"> Technology procurement and configuration. 	<ul style="list-style-type: none"> Implement standard operating procedures; Each WBC tailors Op Model for local needs; Implement new technology platform. 	

8.2.2 LCC Direct Service Provision

8.2.2.1 End to end implementation activities and outputs



8.2.2.2 Key Milestones

Table 14 - Outline of the key milestones for LCC Direct Service Provision

Milestone	Description	Date
Service Scope Agreed & Prioritised	Prioritised list of services for optimisation to drive the most benefits	By Feb 17
Service Reviews Complete	Using defined evaluation criteria, review of service levels in LCC Direct Service Provision to define optimisation roadmap	By Jul 17
LCC Direct Service Provision Optimised	Implemented changed to processes, policies, people and organisation complete to allow benefits to be realised	By Dec 17

8.2.2.3 Individual programme plan on a page

LCC Direct Service Provision			
	Jan - Feb 17 (2 months)	Mar-Jul 17 (5 months)	Aug-Dec 17 (3 months)
Workstreams	Assess	Design	Construct & Implementation
Programme Management	<ul style="list-style-type: none"> Mobilise resources and workstreams; Determine and agree scope of the programme, which services that will be retained and why; Assign workstream leads. 	<ul style="list-style-type: none"> Build benefits management approach following service reviews. 	
Service Review	<ul style="list-style-type: none"> Agree criteria for service reviews and any budget reduction targets; Prioritise services for review and develop programme of evaluation Determine overall strategy and business objectives. 	<ul style="list-style-type: none"> Perform service reviews for prioritised services; Undertake impact assessment based on outputs of the review; Create business case outlining the key reasons for retaining certain services. 	<ul style="list-style-type: none"> Implement changes from the service reviews.
Comms & Marketing	<ul style="list-style-type: none"> Develop revised marketing strategy. 		<ul style="list-style-type: none"> Deliver marketing strategy.

8.2.3 Transferred services

The next steps for the transfer of services to the Combined Authority will be totally dependent on the timetable for developing the new authority. In the meantime services would remain with the County Council and it is suggested that the initial steps align to those of services that are earmarked to remain with the County Council. However, the necessary outcomes, activities and outputs by stage are presented below:

8.2.3.1 End to end implementation activities and outputs

Timescales to be determined by Combined Authority timetable

Assess	Design	Construct	Implement
Outcomes by end of stage <ul style="list-style-type: none"> The criteria for evaluating services is fully defined, robust and understood by programme; Systems leaders have agreed in principle to Combined Authority governance agreements. 	Outcomes by end of stage <ul style="list-style-type: none"> Systems leaders have formally agreed to governance arrangements; Due diligence performed on regulatory and legal set up for service delivery; Cost and benefits of transferring services to Combined Authority understood. 	Outcomes by end of stage <ul style="list-style-type: none"> Transferred services are optimised; Affected staff are fully aware of upcoming changes, as well as residents; 	Outcomes by end of stage <ul style="list-style-type: none"> Combined Authority is legally constituted to undertake service delivery; Service budgets, staff & assets formally transferred into Combined Authority.
Key activities undertaken <ul style="list-style-type: none"> A1.1 Mobilise programme & assign workstream leads; A1.2 Develop comms & marketing strategy; A1.3 Agree criteria for service reviews; A1.4 Prioritise services for review and develop programme of evaluation; A1.5 Review current governance arrangements and any MoU. 	Key activities undertaken <ul style="list-style-type: none"> A2.1 Perform service reviews for prioritised services; A2.2 Create detailed business case for retained services; A2.3 Define staff, budgets & assets to transfer into CA; A2.4 Define future governance and democratic accountability arrangements for CA; A2.5 Define legal & regulatory set up for service delivery. 	Key activities undertaken <ul style="list-style-type: none"> A3.1 Perform HR consultations for affected staff transferring to CA; A3.2 Determine future management roles for CA; A3.4 Transfer staff into virtual CA; A3.5 Perform comms and marketing activity for residents. 	Key activities undertaken <ul style="list-style-type: none"> A4.1 Formal CA set up, with governance & democratic accountability formalised; A4.2 Transfer staff into Combined Authority.
Deliverables by end of stage <ul style="list-style-type: none"> D1.1 Marketing & Comms Strategy & Plan; D1.2 Service evaluation programme & assessment; D1.3 MoU on outline governance arrangements. 	Deliverables by end of stage <ul style="list-style-type: none"> D2.1 Combined Authority Constitution and Governance Document; D2.2 Service Review Outputs; D2.3 Detailed Business Case. 	Deliverables by end of stage <ul style="list-style-type: none"> D3.1 Staff Roles & Responsibilities Defined. 	Deliverables by end of stage <ul style="list-style-type: none"> D4.1 Post implementation review.

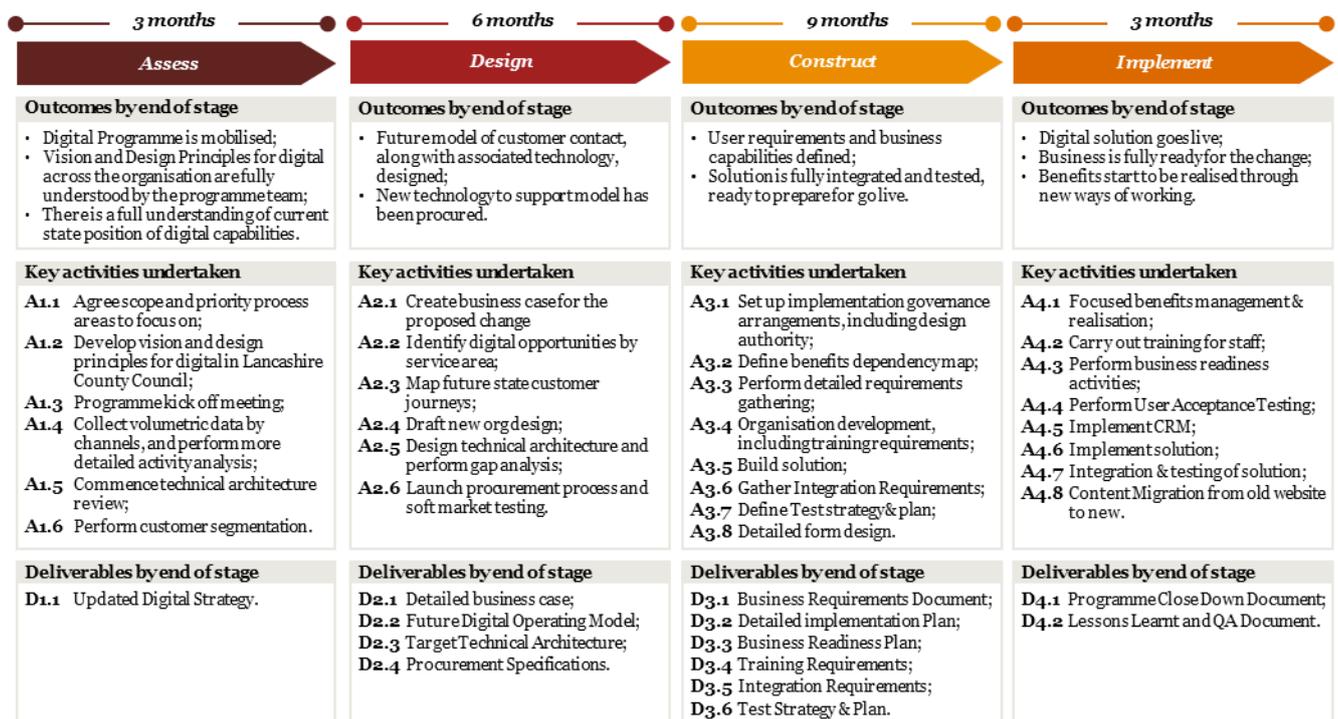
8.2.3.2 Key Milestones

Table 15 - Outline of the key milestones for transferred services

Milestone	Description	Date
Service Scope Agreed & Prioritised	Prioritised list of services for optimisation to drive the most benefits	By Feb 17
Service Reviews Complete	Using defined evaluation criteria, review of service levels in transferred services to define which optimisation roadmap	By Jul 17
Transferred Services Optimised	Implemented changed to processes, policies, people and organisation complete to allow benefits to be realised	By Dec 17
Formal Governance Agreed	Governance and democratic accountability for Combined is formally agreed by all parties involved	TBC in line with development of Combined Authority
Formal Combined Authority Established	Full Combined Authority established and constituted to undertake service delivery	by Dec 17

8.2.4 Front Office

8.2.4.1 End to end implementation activities and outputs



8.2.4.2 Key Milestones

Table 16 - Outline of the key milestones for the Front Office

Milestone	Description	Date
Digital Strategy Complete	Vision and objectives for the use of digital across the organisation	By Feb 17
Procurement Complete	Purchasing of technology to enable the vision	By Jul 17
Business & Technical Architecture Defined	The business and technical requirements, across people, process, organisation, information & technology to enable the vision	By Oct 17
Test, Train & Readiness	The activities that ensure the solution is as designed, and that all affected stakeholders know what to expect on day of 'go live'	By Jul 18
Solution Go-Live	The full implementation of technology and business designs to fulfil the business case requirements	By Oct 18

8.2.4.3 Individual programme plan on a page

Front Office Transformation				
Workstreams	Jan-Mar 17 (3 months)	Apr-Sep 17 (6 months)	Oct-Jul 18 (9 months)	Aug-Oct 18 (3 months)
	Assess	Design	Construct	Implement
Programme Management	<ul style="list-style-type: none"> Review and update digital strategy; Define procurement specs & approach; Launch procurement. 	<ul style="list-style-type: none"> Release strategy & detailed implementation plan; Stakeholder engagement plan. 	<ul style="list-style-type: none"> Perform communications and marketing activities; Set up implementation governance arrangements, including design authority; Define benefits dependency map. 	<ul style="list-style-type: none"> Focused benefits management & realisation.
Business Design & Transformation	<ul style="list-style-type: none"> Review channel mix and use; Detailed activity analysis across Front Office; Update Final Business Case; Perform customer segmentation analysis. 	<ul style="list-style-type: none"> Determine scope of processes; Identify digital opportunities by service area; Map future state customer journeys; Draft new org design; Draft strategic workforce plan; Detailed business case & Digital Operating Model. 	<ul style="list-style-type: none"> Perform detailed requirements gathering; Organisation development, including training requirements 	<ul style="list-style-type: none"> Carry out training for staff; Perform business readiness activities; Perform User Acceptance Testing.
Technology & Information	<ul style="list-style-type: none"> Complete review of IT infrastructure & software. 	<ul style="list-style-type: none"> Technical architecture design and gap analysis. 	<ul style="list-style-type: none"> Build solution; Gather Integration Requirements; Define Test strategy & plan. 	<ul style="list-style-type: none"> Implement CRM; Implement solution; Integration & testing of solution.
User Experience & Content	<ul style="list-style-type: none"> Content audit of website 	<ul style="list-style-type: none"> Define user experience guidelines and tone of voice. 	<ul style="list-style-type: none"> Detailed form design. 	<ul style="list-style-type: none"> Content Migration.

8.2.5 Professional Support Services

8.2.5.1 End to end implementation activities and outputs

3 months	3 months	3 months	3 months
Assess	Design	Construct	Implement
Outcomes by end of stage <ul style="list-style-type: none"> Programme and resources are mobilised; Understanding of future vision and strategy of everyone on programme 	Outcomes by end of stage <ul style="list-style-type: none"> Future processes and associated service levels are fully agreed and designed; Programme understands gap between current and future state, and how to get to future state. 	Outcomes by end of stage <ul style="list-style-type: none"> Benefits and their dependencies are fully understood by the programme; Affected staff are fully aware of changes to job roles and responsibilities. 	Outcomes by end of stage <ul style="list-style-type: none"> Move from transitional ways of working to business as usual; Benefits will start to be released through new ways of working.
Key activities undertaken <p>A1.1 Agree scope and priority process areas to focus on;</p> <p>A1.2 Further analysis of activity in priority areas</p> <p>A1.3 Hold opportunity workshops in these areas to identify areas for improvement and examples of good practice;</p> <p>A1.4 Agree design principles for new processes.</p>	Key activities undertaken <p>A2.1 Create business case for the proposed change;</p> <p>A2.2 Establish service catalogues for key processes;</p> <p>A2.3 Agree future standard processes;</p> <p>A2.4 Design process governance and SLAs;</p> <p>A2.5 Understand implications of the standard processes across organisation, technology and information.</p>	Key activities undertaken <p>A3.1 Agree future strategy around potential to share services with other partners;</p> <p>A3.2 Develop implementation plan to make planned efficiencies; and</p> <p>A3.3 Produce benefits management plan</p> <p>A3.4 Begin staff consultation;</p> <p>A3.5 Understand the implications on organisation and cost base of the future operating model.</p>	Key activities undertaken <p>A4.1 Apply SLAs and new re-charges;</p> <p>A4.2 Implement changes in process and governance;</p> <p>A4.3 Confirm impacted processes and staff in relation to transferred services;</p> <p>A4.4 Realise benefits through organisational re-design.</p>
Deliverables by end of stage <p>D1.1 Detailed Activity Analysis;</p> <p>D1.2 Future state opportunities;</p> <p>D1.3 Documented Design Principles.</p>	Deliverables by end of stage <p>D2.1 Detailed business case;</p> <p>D2.2 Full service catalogue for key processes;</p> <p>D2.3 Process Governance document.</p>	Deliverables by end of stage <p>D3.1 Detailed implementation Plan;</p> <p>D3.2 Benefits Dependency Map;</p> <p>D3.3 Future cost base of organisation.</p>	Deliverables by end of stage <p>D4.1 Programme Close Down Document;</p> <p>D4.2 Lessons Learnt and QA Document.</p>

8.2.5.2 Key Milestones

Table 17 - Outline of the key milestones for Professional & Support Services

Milestone	Description	Date
Detailed Design Complete	Future processes, along with service level agreements, service catalogues and process ownership defined	By Jul 17
Implementation Complete	Implemented changed to processes, policies, people and organisation complete to allow benefits to be realised	By Dec 17

8.2.5.3 Individual programme plan on a page

Professional & Support Services Transformation				
Workstreams	Jan-Mar 17 (3 months)	Apr-Jun 17 (3 months)	Jul-Sept 17 (3 months)	Oct-Dec 17 (3 months)
	Assess	Design	Construct	Implement
Programme Management	<ul style="list-style-type: none"> Agree scope and priority process areas to focus on. 	<ul style="list-style-type: none"> Create business case for the proposed change. 	<ul style="list-style-type: none"> Agree future strategy around potential to share services with other partners; Develop implementation plan to make planned efficiencies; and Produce benefits management plan. 	
Process & Governance	<ul style="list-style-type: none"> Further analysis of activity in priority areas; Hold opportunity workshops in these areas to identify areas for improvement and examples of good practice; Agree design principles for new processes. 	<ul style="list-style-type: none"> Establish service catalogues for key processes; Agree future standard processes; Design process governance and SLAs. 		<ul style="list-style-type: none"> Apply SLAs and new re-charges; Implement changes in process and governance.
People & Organisation		<ul style="list-style-type: none"> Understand implications of the standard processes across organisation, technology and information. 	<ul style="list-style-type: none"> Begin staff consultation; Understand the implications on organisation and cost base of the future operating model. 	<ul style="list-style-type: none"> Confirm impacted processes and staff in relation to transferred services; Realise benefits through organisational re-design.

8.3 Transitional change leadership and capacity

In order to implement the desired change whilst continuing to deliver and meet statutory duties, it is critical that there is programme delivery capacity and capability to lead and implement the change, supported by political sponsorship. Some aspects of the change are more complex than others however, change delivery capacity across all five areas of the new service delivery model will be required to drive forward the change in the timescales required to meet the financial challenge and to ensure that the components of the model support the wider aspirations of the County which focus on prosperity and growth. In LCC alone delivery of the current change portfolio is placing stress on an organisation that is already at capacity due to the project delivery resources being drawn primarily from frontline services. There would be limited capacity to add to this further. From experience of working with over 100 local authorities, we would expect that this is replicated across many of the public sector partners who are continuing to deliver cost reduction programmes as part of their current delivery model.

Development of a detailed resource and capacity plan should be one of the first steps to moving forward with the transformation. High level capacity and capability requirements in each area of change can be summarised as follows:

Integrated Health & Wellbeing - Organisational leaders will need to come together to provide system leadership that cuts across organisational and service boundaries. The immediate challenge will be around building buy-in to the new model across a complex public sector landscape whilst also developing the new organisational structures and governance arrangements for the new system. All of this is largely uncharted territory and will require significant legal and professional expertise to develop a model that meets the needs of all public sector partners. There is also a requirement for liaison and negotiation with government to secure transitional funding for the interim period whilst the new system is established. In time, the leadership of the Integrated Commissioning Authority and the Executive Team designate will step into this leadership role however there is a significant degree of change and progress to be delivered before there is a case to appoint these new leaders.

LCC Direct Service Provision (including Professional & Support Services) - There is a significant amount of internal change required to deliver efficiency savings in the short term. This will be focused on standardisation and simplification of process and agreement of defined service propositions that will enable growth and income generation (Traded Services) and cost and efficiency savings.

Transferred Services - LCC is currently providing support to the Combined Authority as it develops its future governance framework. This is likely to need additional resources including legal advice and change support to enable the new authority to step into a delivery vehicle capacity. There is also work required to standardise and simplify processes to ensure that the services being transferred to the Combined Authority are as lean and efficient as possible.

Front Office - Significant expertise in driving forward integrated front office services and a shift to a digital offer that will enable channel shift is key.

9 The case for change

9.1 Introduction and approach

This section sets out the approach, assumptions and outputs relating to the costs and benefits that comprise the Business Case for the proposed Lancashire Public Services Delivery Model. A range of costs and benefits have been considered, including financial, non-financial and non-cashable benefits.

9.1.1 Approach and key considerations

- A separate cost/benefits case has been produced for each of the five core components of the proposed delivery model;
- Although presented separately, interdependencies exist between business cases and they cannot therefore be assessed in isolation from one another; and
- A consolidated view of the costs and benefits is presented as part of this Business Case.

9.1.2 Types of benefit realised

- Financial benefits – benefits that will deliver a financial saving against existing budgets and budget forecasts for Lancashire County Council and public sector partner organisations. This includes benefits stemming from cost reduction, improved demand management and increases in revenue generation activities;
- Non-cashable benefits – benefits that will deliver efficiencies for Lancashire County Council and/or public sector partner organisations but may not be taken as a financial saving. This includes the release of capacity which is to be reinvested into the business and demand / cost avoidance to reduce future costs; and
- Non-financial benefits – benefits not related to financial efficiencies and/or releasing capacity, now or in the future. This includes improved outcomes for citizens and employees, more effective and streamlined decision making within the public sector and the transfer of financial risk.

9.1.3 Overarching assumptions

There are a range of assumptions made in setting out costs and benefits, these are detailed in Appendix 12.14. A summary of overarching assumptions is set out below:

- Costs and benefits are profiled over a period of 6 financial years, commencing in FY 17/18;
- FTE savings are assumed to be £25k per FTE per annum (incl. on-costs) in each of the 6 years of the business case;
- TUPE costs are assumed to be negligible, although some transition costs have been factored into the business case;
- It is assumed that FTE reductions will be managed, where possible, through natural wastage, with no provision made for additional redundancy costs at this stage; and
- VAT has been excluded from all figures presented.

9.1.4 Overview of benefits

The key benefits of the new model are:

- The de-risking of current savings plans across the health and social care economy in Lancashire e.g. Savings through integration in the STP and transformation plans within Adult Social Care in LCC;
- Significant savings above and beyond those identified to date that arise primarily through the creation of new Wellbeing Corporations;
- The investment in more proactive service delivery through Identifiable Communities supporting community resilience and better health and wellbeing outcomes by better integrating a range of public services;
- The ability to manage demand better in health and social care by removing organisational barriers thus incentivising a move to prevention rather than cure;
- An easier public sector for the public and partners to navigate and understand; and
- The opportunity to share more enabling processes across the public sector to generate efficiencies.

9.2 Non-financial benefits

The non-financial benefits for each component of the future model are set out below.

9.2.1 Wellbeing Corporations

Reduced complexity and fragmentation - The removal of organisational boundaries will allow closer working between disciplines, resulting in less fragmented care, with fewer handovers and greater continuity whether in hospital, at home or in the community. Services will be structured to better allow the system to look after people with multiple physical, mental health and social care needs, with improved access to networked services.

More aligned Public Sector working - Improved information sharing and management across the Public Sector will allow for the development of more targeted interventions, reducing demand throughout the entire system, including wrap around services such as policing and housing. In addition, the ability for the Wellbeing Corporations to control a sufficiently broad range of resources will enable them to better plan end-to-end care, prioritise resources and ultimately accept population demand risk.

Increased focus on prevention and outcomes - A far greater focus will be placed on preventing ill health and proactively keeping people as healthy and well as possible. Providers will be structured and incentivised to promote the long term health and social outcomes of the population, with a greater focus on providing in-home and community based services as opposed to acute care.

Improved clinical and care outcomes - The culmination of the non-financial benefits for the Wellbeing Corporations is their ability to contribute to the achievement of national targets and to realise a range of clinical and care outcomes. Table 18 below summarises some of the key outcomes that the Wellbeing Corporations are expected to support the achievement of:

Table 18 - Key outcomes that the Wellbeing Corporations are expected to support

Clinical & Social Care Outcomes*	Self-Care & Care Planning Outcomes
Reduced mortality rates.	Patients will be involved in decisions about their own care and treatment and have more knowledge and confidence to manage their condition.
Enhancing quality of life for people with long term conditions.	Patients will be more likely to follow appropriate drug treatments, comply with their treatment plan and thus have improved outcomes.
Reduced emergency admissions for acute conditions that should not usually require hospital admission.	Patients will have improved quality of life.
Reduced emergency readmissions within 30 days of discharge from hospital.	Patients will recover from episodes of ill health more quickly.
Helping older people to recover their independence after illness or injury.	Patients will have a more positive experience of care.
Improved patient experience of A&E services.	A reduction in the number of people dying prematurely.
Treating and caring for people in a safe environment and protect them from avoidable harm.	A reduction in the number of unnecessary hospital admissions and A&E visits.
Reduced permanent admissions to residential and nursing care homes.	The work force will be skilled and able to provide holistic care and support to patients and their families.
Earlier diagnosis, intervention and reablement means people and their carers are less dependent on intensive services.	Services and care to support patients will be better planned, coordinated and more convenient to access.
When people develop care needs, the support they receive takes place in the most appropriate setting, and enables them to regain their independence.	Improved partnership working with voluntary and third sector services and organisations.

*Outcomes taken from NHS Outcomes Framework and Adult Social Care Outcomes Framework

9.2.2 Front Office

Enhanced customer experience – Access to public services will be simplified with a reduced number of access points, clearer signposting and the provision of self-service options, which enable customers to access services on a 24/7 basis. Members of staff will have access to a holistic view of the customer, compiled from multiple sources of information and supported by a complete history of the customer's interaction with public services.

Demand management capabilities - While supporting the realisation of financial benefits through reducing the number of contacts received by the Front Office function, new technologies and simplified processes will create capacity across the future delivery model, allowing members of staff to focus effort on those activities that will make the greatest difference to customer outcomes. For example, the deployment and use of enhanced data reporting, business intelligence and analytical tools will allow services to predict potential demand earlier.

Corporate social responsibility - The move towards 'digital-by-default' service provision will substantially reduce the carbon footprint of the future delivery model, with a reduction in paper and printing usage across the Public Sector and an increased emphasis on electronic correspondence as opposed to white mail.

9.2.3 Professional & Support Services

Standardised service delivery - Service levels will be more standardised across professional and support services creating consistent ways of working, driving performance improvement and delivering an improved customer experience.

Capacity to deliver change - Reducing the complexity of Professional and Support Services will release capacity, which can be utilised to drive existing change initiatives and support the transition to the future delivery model.

Supporting the delivery of the future delivery model – The future organisation will be supported by an efficient and lean Professional and Support Services function, enabling more effective service delivery and creating the opportunity to trade services and generate income in the future.

9.2.4 LCC Direct Service Provision

Increased focus on outcomes - A review of service offerings and overall objectives will lead to a clearer purpose for services that are directly provided by Lancashire County Council. For Traded Services this will focus on developing a more commercial model with a view to increasing income generation.

Optimised service offering – Lancashire County Council will be best placed to deliver these services on an ongoing basis, with the improved use of business intelligence and management information supporting the optimisation of service delivery to deliver better value for money.

9.2.5 Transferred Services

Reduced complexity - Reducing the complexity of how customers access and receive services will streamline internal governance and decision making while improving the customer experience. Logistics and planning will be driven by a holistic view across the county, as opposed to at a local level, with a reduced focus on geographical boundaries, providing a simplified customer experience and better value for money in terms of the service that customers receive.

Co-ordinated approach to economic development and regeneration – A strategic, county-wide approach to economic development will enhance Lancashire's ability to attract and retain investment, supporting the development of infrastructure, regeneration schemes and creating opportunities for employment to address social inequality and deprivation.

Enable better management of financial risk - The proposed transfer of Waste Management services to the Combined Authority from Lancashire County Council, District Council's and Unitary Authorities will allow the system to better manage the financial risk stemming from projected increases in demand for Waste Management services. Combined with the financial benefits that could be realised via the future delivery model, the overall risk for the County will be reduced.

9.3 The financial case for change

9.3.1 Summary financial costs and benefits

9.3.1.1 Gross benefits

A summary of the estimated gross benefits that have been identified across the Lancashire system in relation to each area of the future model is set out in table 19 below:

Table 19 - Summary of the estimated whole system gross benefits

Component of the Model	Gross Annual Benefit (Steady State) £m	Section Containing Further Details
Wellbeing Corporations	46	Section 9.3.2
Front Office	4	Section 9.3.3
Professional and Support Services	3	Section 9.3.4
LCC Direct Service Provision	-	Section 9.3.5
Transferred Services	4	Section 9.3.6
Total	57	

These financial benefits are above and beyond any savings that have already been identified by Lancashire County Council or other public sector partner organisations, such as those identified through Medium Term Financial Planning, Newton Europe's assessment of Adult Social Care services, or the development of the STP submission for Lancashire and South Cumbria. An aggregation of the totality of these savings is presented later in this section, while the impact of Lancashire County Council's budget is assessed in section 9.4 (Impact for Lancashire County Council).

Key points to note regarding the financial savings outlined above include:

- The figures stated are gross savings and do not therefore take account of the costs required to implement the new delivery model, or any additional annual costs that will be incurred;
- The full annualised savings will not be achieved until the sixth year of the business case; and
- Other benefits have been described but not necessarily included within the stated financial savings if it is felt that there is not sufficient available information to support their inclusion.

9.3.1.2 Costs

A summary of the estimated implementation and annually recurring costs that have been identified across the Lancashire system in relation to each area of the future model is set out in table 20 below:

Table 20 - Summary of the estimated whole system costs

Component of the Model	Implementation Cost £m	Annually Recurring Cost £m	Section Containing Further Details
Wellbeing Corporations	(9)	(1)	Section 9.3.2
Front Office	(6.2)	(1.5)	Section 9.3.3
Professional and Support Services	(0.5)	-	Section 9.3.4
LCC Direct Service Provision	-	-	Section 9.3.5
Transferred Services	-	-	Section 9.3.6
Total	(15.7)	(2.5)	

9.3.1.3 Enabled and de-risked benefits

Although not included within the stated gross benefits attributable to the future delivery model, the risks associated with a number of existing savings plans will be significantly reduced, in particular across Health and Social Care through the delivery of the proposed Wellbeing Corporations. These additional savings plans include:

- Within the Lancashire and South Cumbria STP Submission, there are an estimated £109.6m of annualised savings which are predicated on improved integration across the system, a reduction in demand for relatively expensive in-patient services and an increased focus on delivering preventative services (Lancashire and South Cumbria STP template; ‘Solution 3 - Roll out of integrated primary and community services providing care for physical and mental health’). While Lancashire County Council plays a key role in the provision of proactive and preventative care services, minimal engagement has taken place to date between Health and Local Government partners in the development of the STP submission and the stated savings related to integration. As a reflection of this, no assumptions have been made as a part of the STP submission regarding potential savings that could be delivered in relation to Social Care services. In our experience, without a formal mechanism through which public sector and 3rd sector organisations can work together in partnership to design and deliver integrated services, such as the proposed Wellbeing Corporations, there is a significant risk that the desired outcomes and associated financial savings set out in the STP submission will not be achieved. If delivered by Health Partners in isolation, the risk that these savings would not be achieved could potentially be as high as 50%, representing a potential reduction in benefits for the system of circa. £55m. A summary of the activity and cost changes stemming from integration that are forecast in the STP submission is provided in the table below.

Table 21 - Summary of activity and cost changes forecast in Lancashire and South Cumbria STP Submission resulting from integration

Description	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Activity (Units of Activity)				
Consultant Led First and Follow-Up Outpatient Attendances	(41,130)	(99,127)	(162,334)	(187,000)
Total Elective Spells	(3,141)	(7,611)	(12,191)	(13,800)
Total Non-Elective Spells	(14,464)	(33,473)	(49,664)	(53,800)
Total A&E Attendances (Excluding Planned Follow-Up Attendances)	(7,361)	(18,235)	(29,366)	(33,150)
Total Activity Adjustment	(66,096)	(158,446)	(253,556)	(287,750)
Recurrent Expenditure (Net impact of additional investment and reduction in activity - £m)				
Workforce - Substantive and Bank	(30)	(36)	(74)	(110)
Total Expenditure Adjustment	(30)	(36)	(74)	(110)

- In 2015, Newton Europe undertook an assessment of Lancashire County Council’s Adult Social Care services, identifying potential savings ranging between £23.6m and £35.6m, with further savings to be identified through future phases of work. While some of these identified savings related to existing projects that were already being delivered, additional savings have subsequently being included in Social Care budgets as a part of Medium Term Financial Planning. The creation of the proposed Wellbeing Corporations is expected to increase capacity within Adult Social Care, providing additional resilience to facilitate the delivery of existing savings plans and supporting an increased focus in the delivery of preventative care.

A summary of the planned savings that are expected to be de-risked through the implementation of the future delivery model is provided in the table below:

Table 22 - Summary of planned savings to be de-risked by the future delivery model

Component of the Model	Gross Annual Benefit (Steady State) £m
Lancashire and South Cumbria STP Submission	109.6
Newton Europe's Adult Social Care Assessment	23.6
Total Gross Annual Benefit	133.2

9.3.1.4 Aggregated costs and benefits

An aggregated view of the estimated gross benefits and costs that have been identified across the Lancashire system in relation to each area of the future model, and those that will be further enabled and/or significantly de-risked by the future delivery model, is set out in table 23 below:

Table 23 - Summary of the estimated whole system gross benefits and planned savings to be de-risked by the future delivery model

Component of the Model	Gross Annual Benefit (Steady State) £m	Gross Benefits De-Risked (Steady State) £m	Total Gross Annual Benefit £m
Wellbeing Corporations	46	133.2	179.2
Front Office	4	-	4
Professional and Support Services	3	-	3
LCC Direct Service Provision	-	-	-
Transferred Services	4	-	4
Total Benefit	57	133.2	190.2

Table 24 - Summary of the estimated whole system implementation and annually recurring costs to support the future delivery model and de-risk planned savings

Component of the Model	Implementation Cost £m	STP Integration Capital Cost £m	Total Implementation Cost £m	Annually Recurring Cost £m
Wellbeing Corporations	(9)	(123)	(132)	(1)
Front Office	(6.2)	-	(6.2)	(1.5)
Professional and Support Services	(0.5)	-	(0.5)	-
LCC Direct Service Provision	-	-	-	-
Transferred Services	-	-	-	-
Total Cost	(15.7)	(123)	(138.7)	(2.5)

9.3.1.5 Net benefits

An overview of the net benefits for all elements of the future delivery model to be delivered over the 6 years of the business case is set out in the graphs and tables below, **with the full annualised gross benefit expected to be realised in FY 22/23**.

Further details pertaining to the costs and benefits of each element of the model are provided in subsequent sections of this document.

9.3.1.5.1 Whole system net benefits (Excluding STP & Newton Europe's costs and benefits)

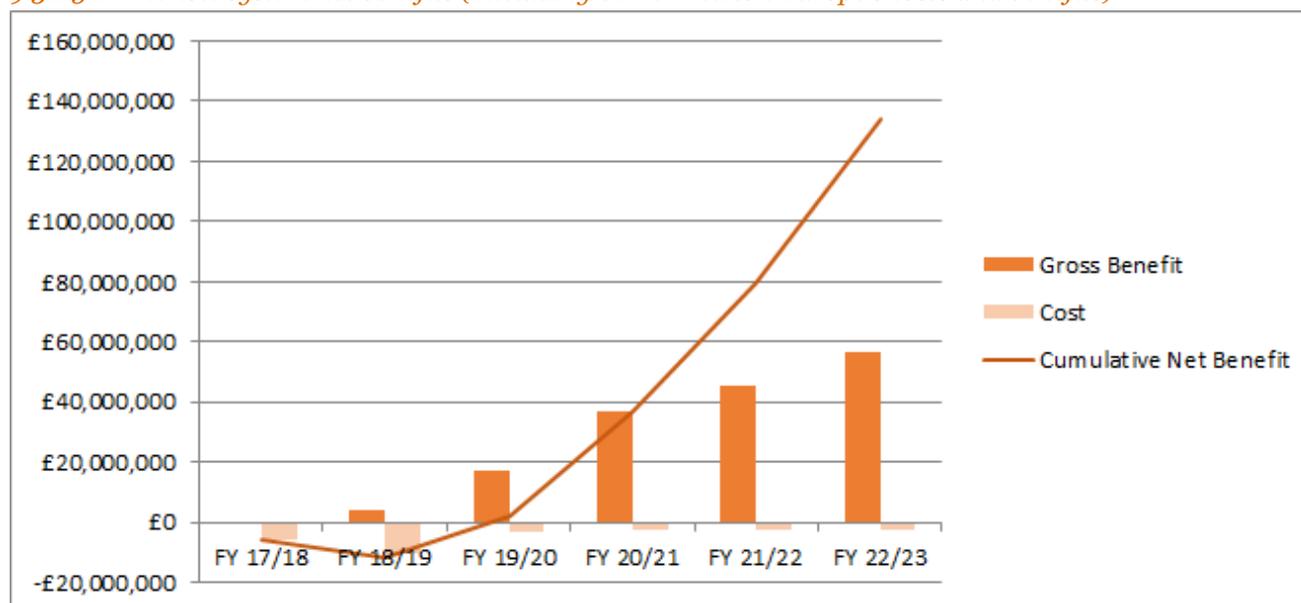


Table 25- Whole system financial savings under the new Public Service Delivery Model (excl. STP & Newton Europe's costs and benefits)

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Gross Benefits						
Wellbeing Corporations	-	-	9	27	34	46
Front Office	-	-	1	3	4	4
Professional and Support Services	-	1	3	3	3	3
LCC Direct Service Provision	-	-	-	-	-	-
Transferred Services	-	3	4	4	4	4
Total Gross Benefit	0	4	17	37	45	57
Costs						
Wellbeing Corporations	(2)	(7)	(1)	(1)	(1)	(1)
Front Office	(3)	(3)	(2)	(1)	(1)	(1)
Professional and Support Services	(1)	-	-	-	-	-
LCC Direct Service Provision	-	-	-	-	-	-
Transferred Services	-	-	-	-	-	-
Total Cost	(6)	(10)	(3)	(2)	(2)	(2)
Total Net Benefit	(6)	(6)	14	35	43	55
Cumulative Total Gross Benefit	0	4	21	58	103	160
Cumulative Total Cost	(6)	(16)	(19)	(21)	(23)	(25)
Cumulative Total Net Benefit	(6)	(12)	2	37	80	135

9.3.1.5.2 Whole system net benefits (incl. STP & Newton Europe's costs and benefits)

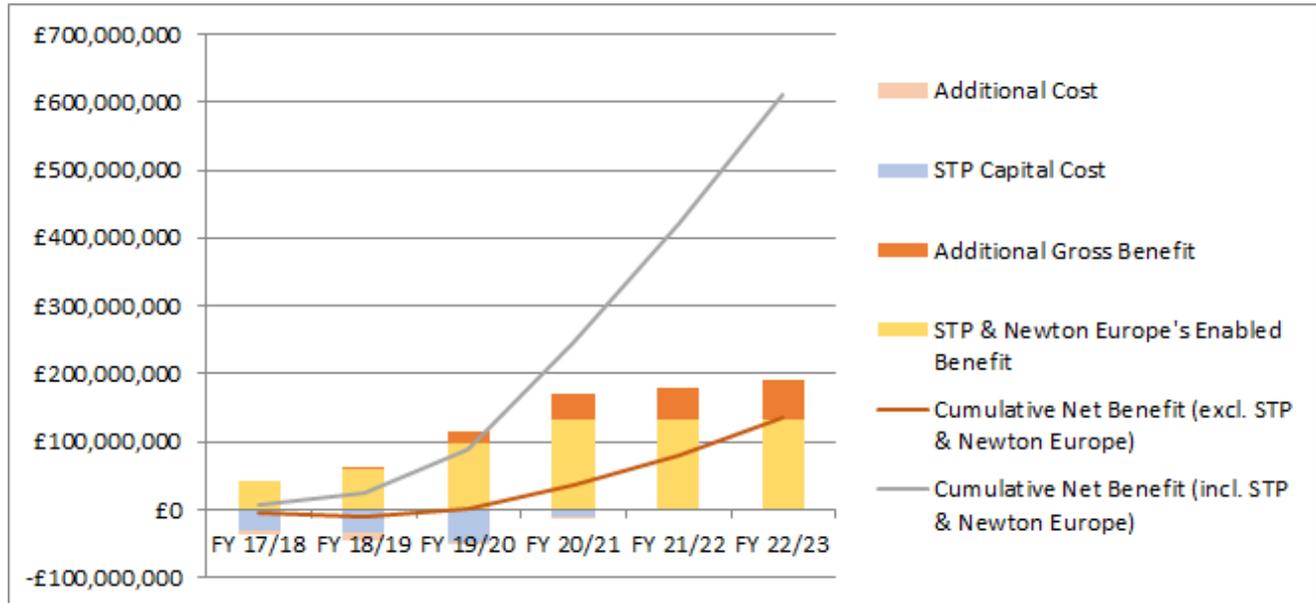


Table 26 – Whole system financial savings under the new Public Service Delivery Model (incl. STP & Newton Europe's costs and benefits)

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Gross Benefits						
STP & Newton Europe Enabled Benefit	42	60	97	133	133	133
Additional Gross Benefits (breakdown in rows below)	0	4	17	37	45	57
Wellbeing Corporations	-	-	9	27	34	46
Front Office	-	-	1	3	4	4
Professional and Support Services	-	1	3	3	3	3
LCC Direct Service Provision	-	-	-	-	-	-
Transferred Services	-	3	4	4	4	4
Total Gross Benefit	42	64	114	170	178	190
Costs						
STP Capital Cost	(30)	(35)	(48)	(10)	-	-
Additional Cost (breakdown in rows below)	(6)	(10)	(3)	(2)	(2)	(2)
Wellbeing Corporations	(2)	(7)	(1)	(1)	(1)	(1)
Front Office	(3)	(3)	(2)	(1)	(1)	(1)
Professional and Support Services	(1)	-	-	-	-	-
LCC Direct Service Provision	-	-	-	-	-	-
Transferred Services	-	-	-	-	-	-
Total Cost	(36)	(45)	(51)	(12)	(2)	(2)
Total Net Benefit	6	19	63	158	176	188
Cumulative Total Gross Benefit	42	106	220	390	568	758
Cumulative Total Cost	(36)	(81)	(132)	(144)	(146)	(148)
Cumulative Total Net Benefit	6	25	88	246	422	610

9.3.2 Health & Wellbeing

9.3.2.1 Approach

The costs and benefits set out within the 'Wellbeing Corporations' business case build upon those already identified within the Lancashire and South Cumbria STP Submission and, where possible, avoid overlap with the work undertaken by Newton Europe in Adult Social Care.

The benefits identified are derived from two key areas:

- Reducing activity levels and associated spend within Acute Care settings, focussing on A&E activity, non-elective activity, elective and day case activity, and outpatient activity, with a greater focus on delivering community based preventative and proactive care services at a reduced level of expenditure; and
- Re-distributing capacity across the Health and Social Care system to ensure that patients / clients are receiving the correct type of care based on their needs e.g. receiving Domiciliary Care services in their own home as opposed to a placement in Residential Care.

9.3.2.2 Benefit drivers

These benefits are underpinned by a number of key drivers, including:

- **Demand Management** – Use of preventative measures and redirection of activity to reduce demand for services, moving activity away from more expensive interventions while offering improved outcomes for patients/clients;
- **Integrated Ways of Working** – Removal of organisational boundaries, allowing closer working between disciplines, faster transfers/referrals and improved outcomes; and
- **Productivity Efficiencies** – Reconfiguration of services and use of integrated pathways to deliver productivity improvements.

9.3.2.3 Summary of costs and benefits

A summary of costs and benefits relating to the Wellbeing Corporations is presented below. These costs and benefits are system-wide and will be realised / incurred across Health and the County Council.

Details of the assumptions and rationale underpinning the benefits can be found in sections 9.3.2.5 and 9.3.2.6, while the impact on Lancashire County Council's budget is assessed in section 9.4 (Impact for Lancashire County Council).

Gross benefits

Table 27 – Whole system financial benefits from the formation of Wellbeing Corporations

Benefit category	£(m)
STP Submission Integration Solution	109.6
Newton Europe's Assessment of ASC Services	23.6
Enabled Benefit Sub-Total	133.2
Additional Acute Care Integration Saving	34
Additional ASC Integration Saving	12
Additional Benefit Sub-Total	46
Grand Total	179.2

Costs

Table 28 – Whole system implementation and recurring costs from the formation of Wellbeing Corporations

Costs	£m
STP Submission Integration Capital Costs	123
Additional One-Off Implementation Costs	9*
Implementation Cost Total	132
Additional Annual (recurring) Costs	1

*Note: Of the £9m additional one-off implementation cost identified in the table above, it is expected that circa. £4m could be capitalised.

Whole system net savings (excluding STP & Newton Europe's costs and benefits)

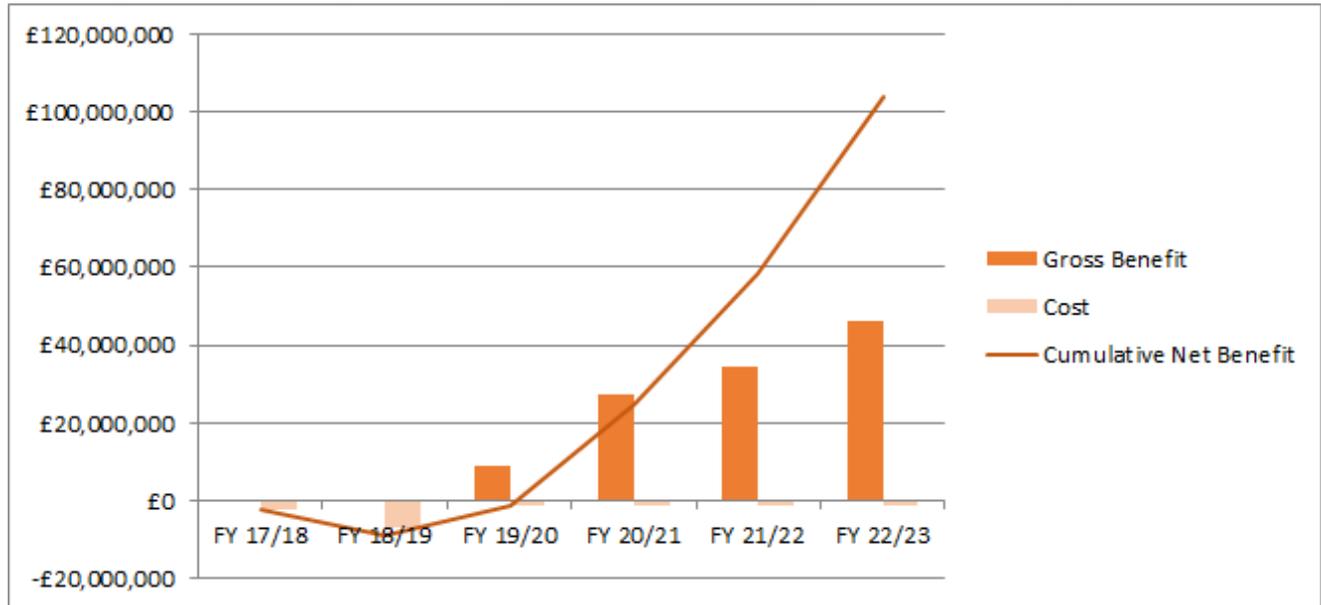


Table 29 - Whole system financial savings from the formation of Wellbeing Corporations (excluding STP & Newton Europe's costs and benefits)

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Gross Benefit	0	0	9	27	34	46
Cost	(2)	(7)	(1)	(1)	(1)	(1)
Total Net Benefit	(2)	(7)	8	26	33	45
Cumulative Total Gross Benefit	0	0	9	36	70	116
Cumulative Total Cost	(2)	(9)	(10)	(11)	(12)	(13)
Cumulative Total Net Benefit	(2)	(9)	(1)	25	58	103

Whole system net savings (including STP & Newton Europe's costs and benefits)

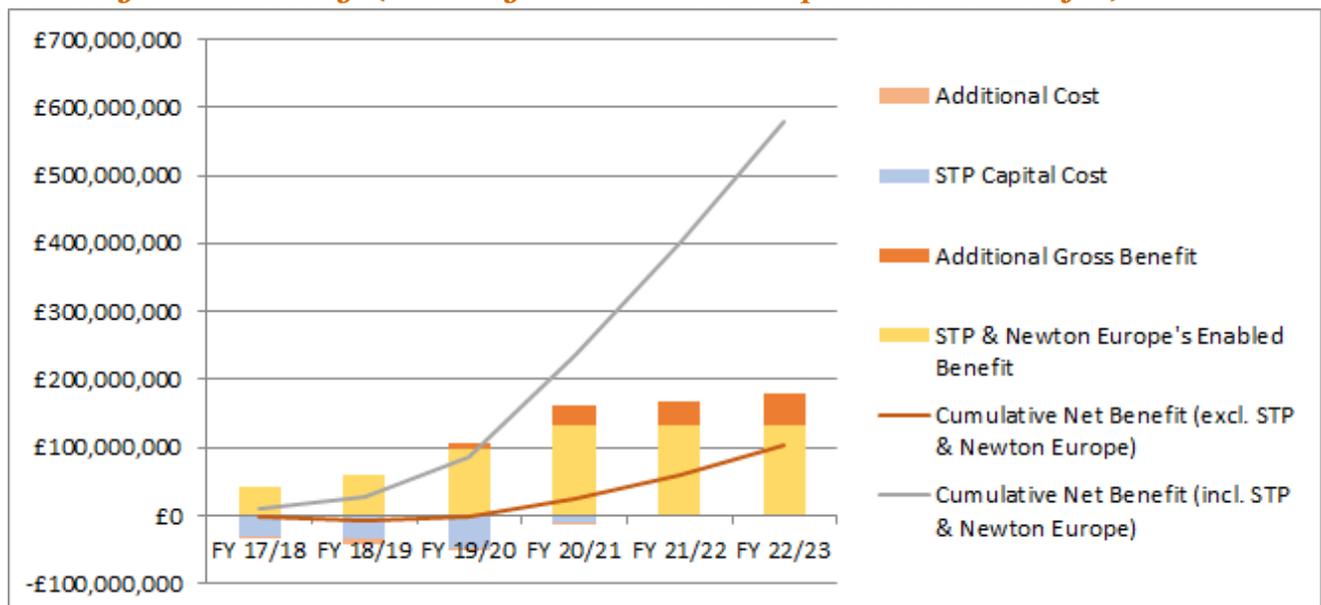


Table 30 – Whole system financial savings from the formation of Wellbeing Corporations (including STP & Newton Europe's costs and benefits)

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
STP & Newton Europe Enabled Benefit	42	60	97	133	133	133
Additional Gross Benefit	0	0	9	27	34	46
Total Gross Benefit	42	60	106	160	167	179
STP Capital Cost	(30)	(35)	(48)	(10)	-	-
Additional Cost	(2)	(7)	(1)	(1)	(1)	(1)
Total Cost	(32)	(42)	(49)	(11)	(1)	(1)
Total Net Benefit	10	18	57	149	166	178
Cumulative Total Gross Benefit	42	102	208	368	535	714
Cumulative Total Cost	(32)	(74)	(123)	(134)	(135)	(136)
Cumulative Total Net Benefit	10	28	85	234	400	578

9.3.2.4 Summary of further potential benefits

The figures stated in the tables and charts provided above focus on the financial savings that could be realised by the Lancashire Health and Social Care system if activity levels within acute care settings and expenditure on Adult Social Care services can be reduced in line with the average reduction being targeted by a benchmarked set of Health and Social Care economies in their STP submissions and/or as a part of business cases developed to support system integration.

Should the Lancashire system be able to achieve a reduction in activity and costs over-and-above the average of those being targeted by other systems, additional benefits could be realised for the public sector. These additional benefits have been estimated to be between £19m and £46m per annum based on activity and cost reductions equivalent to the 75th percentile and 90th percentile of the benchmarked set of Health and Social Care economies.

9.3.2.5 Business Case assumptions

An overview of the key assumptions that have been made in the development of the 'Wellbeing Corporation' business case is presented below, with a full list of assumptions detailed in Appendix 12.14:

- Baseline Health and Social Care costs used within the business case are taken from the Lancashire and South Cumbria STP submission and Medium Term Financial Planning information, and account for projected increases in demand and price inflation;
- The potential savings that could be generated through reducing Acute Care activity are based on the financial benefits and associated percentage change in activity levels that were identified in the Lancashire and South Cumbria STP financial template;
- Acute Care benefits identified have a re-provision cost already factored into them to account for an increased investment in community services;
- Future workforce requirements set out in the Lancashire and South Cumbria STP submission are sufficient to meet projected levels of demand and can be further flexed based on additional projected changes in activity levels;
- Benefits that could be realised by reducing the demand for Acute care services have been calculated by reducing the gap between the changes in activity currently forecast in the Lancashire and South Cumbria STP submission and the changes in activity identified through benchmarking;
- Benefits that could be realised in the delivery of Adult Social Care services have been calculated by increasing or decreasing the level of spend of care package components, e.g. Residential Care, Domiciliary Care, etc., as new and existing clients are transitioned from one type of package to another;
- Financial savings relating to Adult Social Care services have been restricted to the 'Older People' client group, with no efficiencies assumed in relation to 'Learning Disability', 'Physical Disability and Sensory Impairment' or 'Mental Health'; and

- No savings are projected within the business case in relation to Children’s Social Care as it is envisaged that the net impact will be cost-neutral during the initial years of the Wellbeing Corporations being established.

9.3.2.6 *Benchmarking and activity reduction rationale*

The benefits calculated within the business case have been based on benchmarking, leading practice and/or our experience as follows:

- The changes in activity forecast in the STP submission relating to integration have been benchmarked against targets set by other Health and Social Care economies, using a combination of British Medical Journal research, and a range of Health and Social Care Integration business cases and STP financial submissions that PwC have supported. This includes changes forecast in Health and Social Care economies including Lincolnshire, Nottinghamshire, Tameside, Humber, Coast and Vale, South East and North East London, and Cornwall and the Isles of Scilly; and
- The assumed changes in expenditure on care package components are based on national bodies of peer reviewed evidence and PwC experience of the scale of service users transitioning between care package components that are being realised/forecast by other Health and Social Care economies as a result of integration. This includes changes realised in Health and Social Care economies including Northamptonshire, South Warwickshire, Sussex, Bexley, Torbay and Solihull, and takes into account the existing mix of Lancashire County Council expenditure on care packages.

These benchmarks have been used to provide a set of average activity and expenditure reductions against which the targets currently identified by the Lancashire system can be compared. The additional changes in activity and expenditure forecast as a part of this business case are as follows:

- Elective and day case activity is assumed to reduce by an additional 0.6%, increasing the current STP target from 4.7% to 5.3%;
- Accident and Emergency activity is assumed to reduce by an additional 13.7%, increasing the current STP target from 5.2% to 18.9%;
- No further activity reductions are assumed in relation to elective and day case activity or outpatient activity over-and-above the targets outlines in the Lancashire and South Cumbria STP submission;
- LCC expenditure on residential care placements is assumed to reduce by 25%, with clients transitioning to domiciliary care or receiving direct payments;
- No change in LCC expenditure is assumed in relation to nursing care placements, with the clients transitioning from nursing care to alternative methods of care expected to be offset by increases in the demand for nursing homes
- LCC expenditure on residential care placements is assumed to reduce by 25%, with clients transitioning to domiciliary care or receiving direct payments;
- LCC expenditure on domiciliary care is assumed to increase by 3.7%, with expenditure on direct payments increasing by 8.3%. This is a net impact from clients transitioning from residential care to domiciliary care / direct payments, increased demand for community based social care services as a result of the improved identification of “at-risk” patients at an identifiable communities level, and a reduction in demand resulting from an increased number of service users being directed through reablement early in the integrated pathway; and
- LCC expenditure on reablement services is assumed to increase by 32% in order to provide the additional capacity required to enable service users to transition from alternative care packages.

9.3.3 **Front Office**

9.3.3.1 *Approach*

The benefits identified within the Front Office business case are derived from four key areas:

- Achieving channel shift for customer contacts, service requests and applications received in relation to more transactional service areas, for example Highways, Families Information Service, School Admissions, etc., reducing the amount of effort currently spent on managing customer interactions;
- Migrating front office activities that take place within service areas into the Front Office function, generating critical mass in the delivery of Front Office services and realising economies of scale;

- Improving process automation to reduce the amount of manual process intervention required and deliver efficiencies, for example by automating simple rules based eligibility/assessment decisions and integrating forms with line of business applications to eliminate the need for manual rekeying; and
- Leveraging new technologies and enhanced customer engagement to improve performance in Council services, for example improving the recruitment and retention of Lancashire County Council foster carers, reducing the reliance on more costly placements with external providers.

9.3.3.2 Benefit drivers

These benefits are underpinned by a number of key drivers, including:

- **Demand reduction** – Reduction in avoidable contact through better use of standardised information, advice and guidance on the website, allowing residents to self-serve for simple information requests and applications. At present, circa 15% of contact received through the contact centre is related to simple information requests which could be avoided;
- **Channel shift** – Moving customer contact from expensive traditional channels, e.g. multiple telephone access points, email, etc., onto more cost effective digital platforms which require a reduced level of input from Front Office employees;
- **Process efficiencies and productivity gains** – Through simplification and automation of processes, activity can be removed from the system, e.g. integration of online forms prevent manual rekeying in service area; and
- **Economies of scale** – Consolidating front office activities into the Front Office function, creating critical mass and driving consistent service provision.

9.3.3.3 Summary of costs and benefits

A summary of costs and benefits relating to the Front Office is presented below. These costs and benefits relate solely to Lancashire County Council, with benefits expected to be realised from service areas across the organisation and additional resources required to support the delivery of the future Front Office function.

Details of the assumptions and rationale underpinning the benefits can be found in sections 9.3.3.5 and 9.3.3.6, while the impact on Lancashire County Council's budget is assessed in section 9.4 (Impact for Lancashire County Council).

Gross benefits

Table 31 – LCC financial benefits relating to the front office under the new public service delivery model

Benefit category	£(m)
Digital & Contact Consolidation Saving	2.5
Paper, Printing and Postage Saving	0.25
Fostering Placements Saving	1.25
Grand Total	4

Costs

Table 32 – LCC financial costs relating to the front office under the new public service delivery model

Costs	£m
ICT Implementation Costs	4.2*
Non-ICT Implementation Costs	2.0
Implementation Cost Total	6.2
Annual (recurring) Costs	1.5

*Note: Of the £4.2m ICT implementation cost identified in the table above, it is expected that circa. £3.5m could be capitalised.

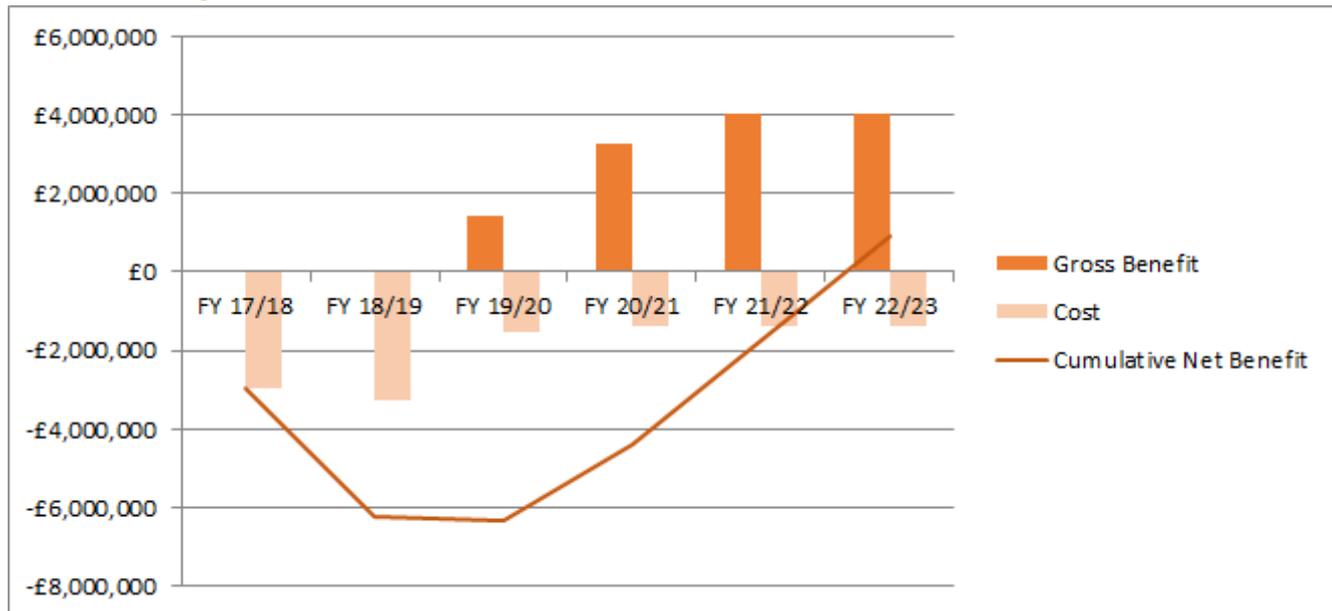
LCC net savings

Table 33 – Cumulative LCC benefit relating to the front office under the new public service delivery model

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Gross Benefit	0	0	1	3	4	4
Cost	(3)	(3)	(2)	(1)	(1)	(1)
Total Net Benefit	(3)	(3)	(1)	2	3	3
Cumulative Total Gross Benefit	0	0	1	4	8	12
Cumulative Total Cost	(3)	(6)	(8)	(9)	(10)	(11)
Cumulative Total Net Benefit	(3)	(6)	(7)	(5)	(2)	(1)

9.3.3.4 Summary of further potential benefits

The figures stated in the tables and charts provided above focus on the financial savings that could be realised by Lancashire County Council only, although additional financial benefits relating to the proposed 'Care Navigator' function are included within the business case for Wellbeing Corporations.

While the capabilities will exist within the proposed Front Office function, no assumptions have been made regarding whether this function will deliver additional services on behalf of additional public sector partners, for example District Councils and Unitary Authorities.

However, should District Councils and Unitary Authorities wish to utilise this function to support the delivery of their Front Office services, additional benefits could be realised for the public sector through generating economies of scale and leveraging the digital capabilities that this function will deliver. These additional benefits have been estimated to be between £1.6m and £2.4m per annum.

9.3.3.5 Business Case assumptions

An overview of the key assumptions that have been made in the development of the Front Office business case is presented below, with a full list of assumptions detailed in Appendix 12.14:

- Baseline current state activity and FTE effort are based on Activity Analysis and volumetric data provided by Council Services;
- The distribution of MOSAIC geo-segmentation data is reflective of the individuals making contact with public sector services;
- The target level of channel shift for each Service has been determined using a combination of MOSAIC analysis and comparison with leading practice across Local Authorities;

- The target level of activity to transition from professional and support services to front office, and the associated economies of scale that can be achieved, has been determined using experience of Front Office transformation at other Local Authorities;
- Benefits realised in relation to a reduction in the use of paper, printing and postage are calculated as a percentage of the total FTE benefit and have been determined using experience of Front Office transformation at other Local Authorities;
- The number and cost of in-house fostering placements, and the cost of placements with external providers, has been taken from publically available FY 14/15 data. The number of placements with external providers is estimated based on the 14/15 national ratio of in-house placements to placements with external providers;
- Benefits realised in relation to increasing the capacity and number of placements with in-house foster carers assumes static demand and is based on targets met by other Local Authorities;
- Benefits realised in relation to the 'Care Navigator' function are calculated as a part of the Wellbeing Corporation business case, however the costs are included within the Front Office case; and
- Any future estates requirements can be met within the existing Public Sector estate and therefore no savings or costs are assumed in relation to the closure, acquisition or adaptation of buildings.

9.3.3.6 *Benchmarking and activity reduction rationale*

The benefits calculated within the business case have been based on benchmarking, leading practice and/or our experience as follows:

- The economies of scale that could be realised from migrating contact from services to the Front Office is assumed to be 30% of the existing FTE effort and is an average efficiency based on our previous experience of front office transformation, and contact centre sizing and optimisation;
- The benefits that could be realised in relation to a reduction in the use of paper, printing and postage have been assumed as 10% of the total FTE benefit and is based on the average magnitude of savings realised by a range of other Local Authorities whom PwC have supported in delivering front office transformation programmes;
- Improvements to the recruitment and retention of in-house foster carers is assumed to result in a 5% shift from external to in-house placements and is based on the range of savings achieved by other Local Authorities in this area, including Essex, Northamptonshire, Brighton and Hove, Derbyshire and East Riding.

9.3.4 Professional and Support Services

9.3.4.1 *Approach*

The benefits identified within the Professional and Support Services business case are derived from two key areas:

- Simplifying and standardising the existing professional and support services offering (where appropriate); and
- Reducing the amount of FTE effort expended on professional and support services processes outside of core functions e.g. finance-related activities not being carried out by the Finance function.

9.3.4.2 *Benefit drivers*

These benefits are underpinned by a number of key drivers, including:

- **Standardisation/focus on specialisms** – Reducing duplication of effort across the Council and removing complexity from the system;
- **Cessation of activities/removal of work** – Increasing self-sufficiency, reducing personal support and removing non value added activities;
- **Performance management of resources** – Creating a defined service offering and ensuring a consistent quality to service provision;
- **Process governance** – Creating defined accountability around processes to ensure a common set of policies and roles; and
- **Economies of scale** – Consolidating professional and support service activities into core functions where appropriate, driving consistent service provision.

9.3.4.3 Summary of costs and benefits

A summary of costs and benefits relating to Professional and Support services is presented below. These relate solely to Lancashire County Council, with benefits expected to be realised from service areas across the organisation. Core professional and support service functions, for example HR, Finance, Procurement, etc. have been ring-fenced, with no assumptions made regarding savings in these areas.

Details of the assumptions and rationale underpinning the benefits can be found in sections 9.3.4.5 and 9.3.4.6, while the impact on Lancashire County Council’s budget is assessed in section 9.4 (Impact for Lancashire County Council).

Gross benefits

Table 34 – LCC financial benefits relating to professional and support services under the new public service delivery model

Benefit category	£(m)
Potential Quick Win Savings	0.3
Additional Savings	2.2
Grand Total	2.5

Costs

Table 35 - LCC financial costs relating to professional and support services under the new public service delivery model

Costs	£m
Implementation Cost Total	£ 0.5
Annual (recurring) Costs	£ -

LCC net savings

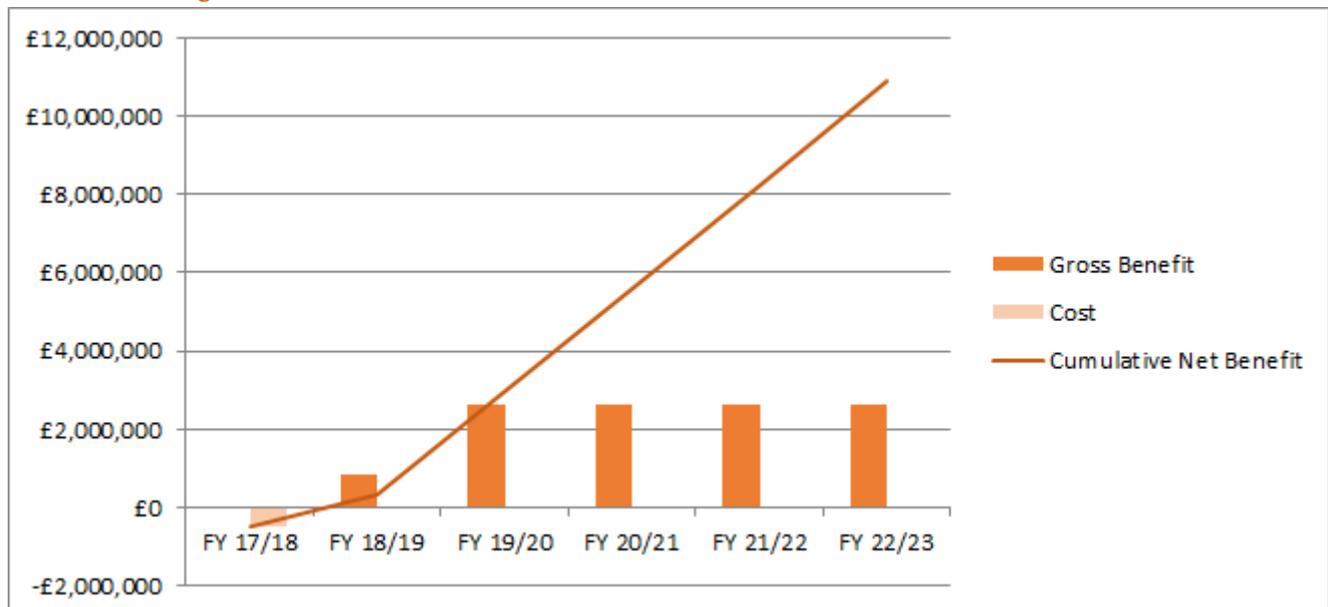


Table 36 - LCC financial savings relating to professional and support services under the new public service delivery model

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Gross Benefit	0	1	3	3	3	3
Cost	(0.5)	-	-	-	-	-
Total Net Benefit	(0.5)	1	3	3	3	3
Cumulative Total Gross Benefit	0	1	4	7	10	13
Cumulative Total Cost	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Cumulative Total Net Benefit	(0.5)	0.5	3.5	6.5	9.5	12.5

9.3.4.4 Summary of further potential benefits

The figures stated in the tables and charts provided above focus on the financial savings that could be realised by Lancashire County Council only, with no assumptions made at this stage relating to additional benefits that could be generated in relation to professional and support services for other public sector partner organisations or via the trading of professional and support services.

However, should existing public sector partner organisations, such as District Councils, Unitary Authorities and NHS Trusts, wish to optimise and/or consolidate their professional and support services, additional benefits could be realised across the public sector. These additional benefits have been conservatively estimated to be between £7.6m and £11.4m per annum, although this could be further increase dependent on the nature and scale of any shared services/traded services arrangements that are implemented.

9.3.4.5 Business Case assumptions

An overview of the key assumptions that have been made in the development of the Professional and Support Services business case is presented below, with a full list of assumptions detailed in Appendix 12.14:

- Baseline current state activity and FTE effort are based on Activity Analysis provided by Council Services, outputs from the Leading Practice Analyser exercise conducted with Council stakeholders and PwC benchmarking data from other Local Authorities;
- The benefits that could be realised are based on a combination of Activity Analysis and Gap Analysis data provided by LCC services and PwC benchmarking data;
- Where Gap Analysis data was not provided by LCC services, scores have been estimated based on available data and PwC benchmarking;
- Headcount will not be reduced within 'core' professional and support services functions, such as HR, Finance, Procurement, etc., as these are considered key to facilitating the transition to the future delivery model and capacity will therefore need to be retained. As such, these functions have been removed from consideration when calculating potential efficiencies;
- The calculation of benefits has focussed on staff based in service areas where the Activity Analysis has indicated they are undertaking professional and support services activities;
- Benefits have been calculated based on the gap identified between current LCC performance levels and the target stated through the Leading Practice Analyser exercise, as opposed to using benchmarked leading practice examples; and
- Savings in relation to the revision of Service Level Agreements are assumed to be included within this benefits methodology.

9.3.4.6 Benchmarking and activity reduction rationale

The benefits calculated within the business case have been based on benchmarking, leading practice and/or our experience as follows:

- Benchmarking data for professional and support services activity utilised within the business case to assess the potential magnitude of efficiencies has been gathered from 46 Local Authorities whom PwC have worked with on delivery model transformation;
- The maximum efficiency that could be achieved from any individual professional and support services processes has been capped at 20% in line with PwC benchmarking, as described above, and our experience of Back Office Transformation; and

- The actual efficiency realised in relation to each professional and support services activity is calculated based on the gap identified between current LCC performance levels and the target stated through the Leading Practice Analyser exercise. For example, on a five-point-scale, a gap of 2/5 would result in a total efficiency saving of 8% for that activity ($2/5 * 20\%$).

9.3.5 LCC Direct Service Provision

9.3.5.1 Approach

The benefits identified within the LCC Direct Service Provision business case are derived using the following approach:

- Benefits calculated within this business case are based on a determination on whether services will still be delivered as a part of the future delivery model, and/or whether they will be delivered to the same SLA's and/or at a greater efficiency than at present.

9.3.5.2 Benefit drivers

These benefits are underpinned by a number of key drivers, including:

- **Process efficiencies and productivity gains** - Reconfiguration of services, including simplification and automation of processes to deliver productivity improvements;
- **Demand management** – Improved use of management information and business intelligence to optimise service delivery;
- **Expansion of traded services** – Expanding access to traded services e.g. through improved self-service options, enhancing the customer experience and creating new opportunities for revenue generation; and
- **Service offer** – Scaling back or cessation of service delivery where loss making and/or not sufficiently contributing to customer outcomes.

9.3.5.3 Summary of costs and benefits

At this stage, no assumptions have been made within the business case regarding the cessation or scaling back of service delivery for LCC Direct Service Provision. A decision on the future delivery of LCC services will be required by Lancashire County Council Management at a later point in time, potentially delivering additional benefits.

Similarly, no assumptions have been made within the business case regarding increased levels of income from further commercialisation of traded services. A financial saving has therefore not be assumed within the business case in relation to LCC Direct Service Provision.

9.3.5.4 Summary of further potential benefits

While benefits could be realised via the cessation or scaling back of services that will be directly provided by Lancashire County Council, or the further commercialisation of traded services, a full service review is recommended prior to any decision is taken on the nature of future service delivery. Should Lancashire County Council wish to review the manner in which services are currently delivered, or explore whether potential efficiencies could be delivered across these services, additional benefits could be realised. Based on efficiency savings alone, the additional benefits that could be delivered have been estimated to be in excess of £8.6m per annum based on an efficiency factor of 10% of existing spend.

9.3.5.5 Business case assumptions

An overview of the key assumptions that have been made in the development of the LCC Direct Service Provision business case is presented below, with a full list of assumptions detailed in Appendix 12.14:

- Baseline of current state service costs are based on 2016/17 budgets, as provided by Head of Service in August 2016;
- For LCC Direct Service Provision no assumptions have been made regarding the cessation or scaling back of services. No benefits have therefore been calculated in this area; and
- No assumptions have been made within the business case regarding increased levels of income from further commercialisation of traded services.

9.3.6 Transferred Services

9.3.6.1 Approach

The benefits identified within the Transferred Services business case are derived using the following approach:

- **Waste Management** – benefits are calculated in relation to the collection and disposal of waste for both Lancashire County Council and local District Councils and Unitary Authorities. By delivering services in a more coordinated manner, on a reduced number of larger footprints than at present, significant savings are expected to be realised; and
- **Non-Waste Management** – benefits are calculated based on a determination on whether services will still be delivered as a part of the future delivery model, and/or whether they will be delivered to the same SLA's and/or at a greater efficiency than at present.

9.3.6.2 Benefit drivers

These benefits are underpinned by a number of key drivers, including:

- **Integration** – Reducing complexity and improving demand management, reducing the number of organisations involved in service delivery e.g. a single organisation being responsible for waste collection and disposal;
- **Economies of scale** – Reconfiguration and re-commissioning of services across wider footprints to drive standardisation and deliver value for money;
- **Logistics** – Redefine service delivery boundaries to maximise efficiency e.g. setting footprints to allow optimal deployment of waste collection vehicles and crews; and
- **Service offer** – Scaling back or cessation of service delivery where loss making and/or not sufficiently contributing to customer outcomes.

9.3.6.3 Summary of costs and benefits

A summary of costs and benefits relating to Transferred Services is presented below. These benefits are system-wide and will be realised across the Local Government landscape by Lancashire County Council, District Council's and Unitary Authorities.

Details of the assumptions and rationale underpinning the benefits can be found in sections 9.3.6.5 and 9.3.6.6, while the impact on Lancashire County Council's budget is assessed in section 9.4 (Impact for Lancashire County Council).

Gross benefits

Table 37 – System wide financial benefits relating to transferred services under the new Public Service Delivery Model

Benefit category	£(m)
Non-Waste Management Savings	£ -
Waste Management Savings	4
Grand Total	4

Cost

Table 38 – System wide financial costs relating to transferred services under the new Public Service Delivery Model

Cost	£(m)
Implementation Cost Total	£ -
Annual (recurring) Costs	£ -

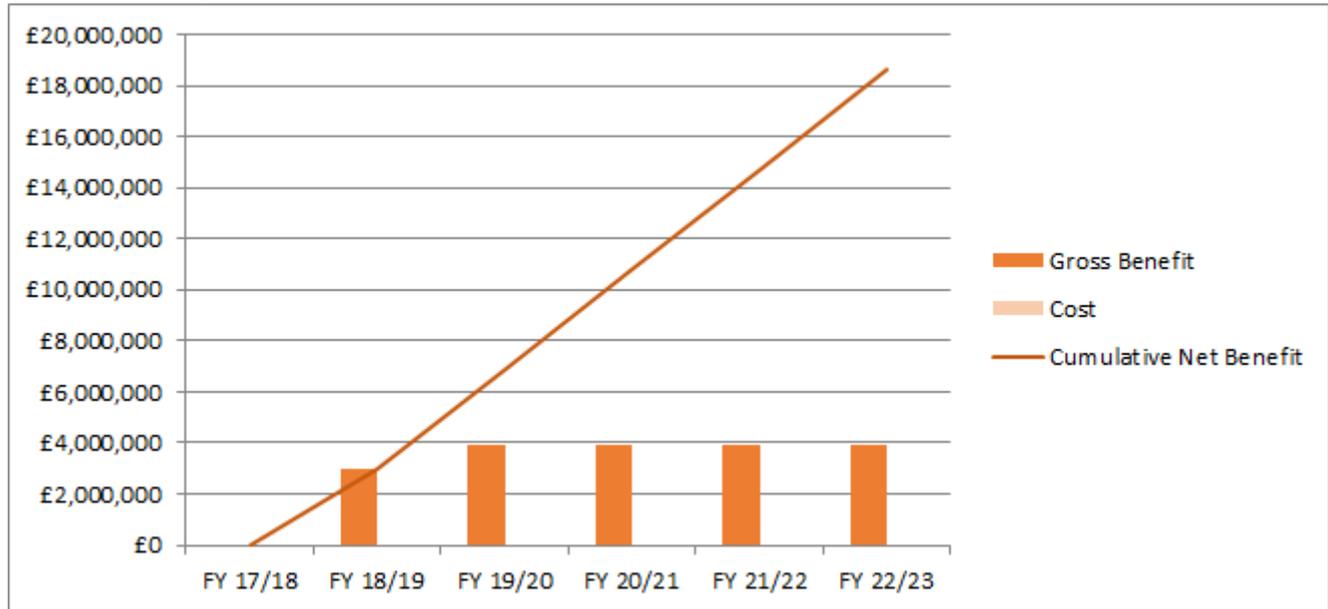
LCC net savings

Table 39 – System wide financial savings relating to transferred services under the new Public Service Delivery Model

FY Savings (£m)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Gross Benefit	-	3	4	4	4	4
Cost	-	-	-	-	-	-
Total Net Benefit	-	3	4	4	4	4
Cumulative Total Gross Benefit	-	3	7	11	15	19
Cumulative Total Cost	-	-	-	-	-	-
Cumulative Total Net Benefit	-	3	7	11	15	19

9.3.6.4 Summary of further potential benefits

The figures stated in the tables and charts provided above focus on the financial savings that could be realised by Lancashire County Council, District Councils and Unitary Authorities in relation to the disposal and collection of waste only. While further benefits could be realised via the cessation or scaling back of other services that will be transferred to the Combined Authority, a full service review is recommended prior to any decision is taken on the nature of future service delivery.

Should Lancashire County Council and/or the Combined Authority wish to review the manner in which services are currently delivered, or explore whether potential efficiencies could be delivered across these services, additional benefits could be realised.

9.3.6.5 Business Case assumptions

An overview of the key assumptions that have been made in the development of the Transferred Services business case is presented below, with a full list of assumptions detailed in Appendix 12.14:

- Baseline of current state service costs are based on 2016/17 budgets, as provided by Head of Service in August 2016;
- For non-Waste Management Transferred Services, no assumptions have been made regarding the cessation or scaling back of services. No benefits have therefore been calculated in this area;
- The cost of waste collection and disposal per 1,000 residents has been benchmarked against Local Authority peers, based on 2015 population density in order to provide as close a comparison as possible, taking into account local geography and the impact this has on the delivery of waste management services;

- The benefits to be realised in relation to waste management services have been calculated by either:
 - reducing the current variation in waste collection/disposal costs to that of the benchmark peers; or
 - reducing the cost of waste collection/disposal per 1,000 residents based on local spend and that of benchmarked peers; and
- Benefits that could be realised by District Councils and Unitary Authorities have been included within the business case for waste management services.

9.3.6.6 *Benchmarking and activity reduction rationale*

The benefits calculated within the business case have been based on benchmarking, leading practice and/or our experience as follows:

- For waste management benefits, benchmark data had been generated from a peer group containing 9 Local Authorities, 4 of whom have a population density lower than that of Lancashire and 5 of whom have a higher population density. This peer group contains the following Authorities (in order of pop. Density, highest to lowest): Peterborough, South Gloucestershire, Darlington, Central Bedfordshire, Bath and North East Somerset, Isle of Wight, Cheshire West and Chester, Bedford and Cheshire East; and
- For waste management, the benchmarked cost of waste collection and waste disposal of each peer group Local Authority has been calculated using population estimates and population density statistics for 2015 from the Office for National Statistics, and 2015 expenditure figures taken from the Department for Communities and Local Government Revenue Account Budget 2015-16.

9.3.7 **The longer term view**

It is important to note that there are both financial and outcome based benefits that can be achieved outside of the timeframe and/or scope of this business case. The financial model has taken no account around the potential for further savings around consolidating Professional and Support Services across the public sector or streamlining the front office across a wider range of partners. These areas have significantly more potential for savings through the future delivery model.

In addition there is the potential for achieving better strategic outcomes across the county. These include:

- Within transferred services to the Combined Authority, a more strategic focus on areas such as economic development across the county will support longer term inward investment and growth;
- The development of the Wellbeing Corporations should in time lead to even better integration with linked services such as leisure, housing and police; and
- More effective use of performance information to inform decision making and support the longer term preventative agenda in areas such as troubled families and the area of children's social care.

9.4 *Impact for Lancashire County Council*

9.4.1 **Introduction and approach**

The potential costs and benefits set out in the previous section covered the wider public sector, including the new Wellbeing Corporations and the Combined Authority. This section considers what the model means for the County Council by way of future costs, funding and deficit.

The following approach has been applied to derive this position:

1. Use the latest budgeted income and expenditure position of LCC for 2016/17 as the baseline (Section 9.4.2);
2. Allocate current budgeted costs for 2016/17 (Section 9.4.3) into:
 - The Combined Authority;
 - The Wellbeing Corporations; and
 - LCC Direct Service Provision

3. Review the projected uplift in costs and where these will sit in the future (Section 9.4.4), considering:
 - Price increases;
 - Demand pressures;
 - Pay uplifts; and
 - Other factors such as loss of grant funding.
4. Allocate funding based on a set assumptions (Section 9.4.5), to include:
 - Existing deficits;
 - Transitional funding; and
 - Planned savings.
5. Update LCC projected income and expenditure over a five year period (Section 9.4.6).
6. Compare the current Medium Term Financial Strategy (MTFS) against the revised forecast (Section 9.4.7).

9.4.2 The current Medium Term Financial Strategy (MTFS)

The latest MTFS documentation, which projects Council-wide income and expenditure over a four year period, was reviewed as part of the Statutory Services Budget Review (SSBR) to ascertain the projected financial position over the period 2017/18 – 2020/21. The summary of this is set out in table 40 below:

Table 40 - summary of the projected financial position up to 2020/21 as per the LCC MTFS

£m	2017/18	2018/19	2019/20	2020/21
Net expenditure	763	763	763	763
Uplift (in-year)		47	51	53
Uplift cumulative		47	98	151
Total expenditure	763	810	861	914
Council Tax	431	453	476	499
Revenue Support Grant	81	57	33	27
Business Rates	181	185	191	196
Other	22	31	43	44
Total income	715	726	743	766
In-year surplus/(deficit)	(48)	(84)	(118)	(148)
Cumulative surplus/(deficit)	(48)	(132)	(250)	(398)

Taking into account demand, price and increased services pressures, there will be additional costs of £151m by 2020/21 against increased Council income of £51m over the same period. This results in projections of an in-year deficit in 2020/21 of £148m and a cumulative deficit of £398m.

9.4.3 Allocation of budgeted costs

Budgeted net expenditure for 2016/17 is £713m. Based upon the services that are proposed to transfer, this expenditure has been split based upon the 2016/17 budget and the expenditure headings used in the SSBR. Further analysis of expenditure would need to be undertaken before finalising the transfer of services and associated budget. Table 41 below summarises the position:

Table 41 - Allocation of LCC budgeted expenditure for 2016/17

Organisation	Net expenditure 2016/17 (£000's)	% of overall budget
Wellbeing Corporation	455,766	64
Combined Authority	55,561	8
LCC Direct Service Provision	201,693	28
Total	713,020	100

The percentage of overall budget stated in the above table has been used as the starting point for allocating future budgets. It has been assumed that relevant services will be fully transferred to:

- The Combined Authority in April 2018; and
- The Wellbeing Corporations in April 2019.

Based on these assumptions and taking the LCC net expenditure budget for 2017/18 of £763m the allocation of expenditure (before any uplifts in costs) is outlined below in table 42:

Table 42 - Allocation of LCC expenditure from 2017/18 to 2021/22

Organisation	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22* (£m)
LCC Direct Service Provision	713	763	702	214	214	214
Combined Authority	-	-	61	61	61	61
Wellbeing Corporation	-	-	-	488	488	488
Total expenditure	713	763	763	763	763	763

* Funding figures are extrapolated from the previous year

9.4.4 Uplift in future costs

The MTFS sets out projected increases in costs over the next few years based upon:

- Increases in pay or pensions;
- Price increases;
- Increases in demand; and
- Any other factors such as loss of grant funding, etc.

These uplift assumptions have been assessed to determine what the cost pressures relate to and the uplift in costs have then been allocated to LCC, the Combined Authority or the Wellbeing Corporations based on the services they will have direct responsibility for in the new delivery model. The summary of this is set out in table 43 below with a more detailed breakdown in Appendix 12.15.

Table 43 - Summary of LCC uplift costs under the new public service delivery model

	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)
LCC Direct Service Provision	4	5	5
Combined Authority	1	3	5
Wellbeing Corporation	42	43	43
Total Uplift	47	51	53

Applying these uplifts to the base figures gives a revised position as set out in Table 44. This shows that the level of expenditure for LCC that relates to directly delivered services falls significantly by 2019/20 as service delivery has transferred over to the Combined Authority and the Wellbeing Corporations. This table is underpinned by the following assumptions:

- Expenditure and uplifts in costs have been allocated based on the figures in Table 42 and 43;
- The “go live” date for service delivery transfer is highlighted in the table with the estimated first year of expenditure. Thereafter no figures have been included as the level of expenditure will be determined by the new organisations;
- Future cost pressures will sit with the organisations where service delivery responsibility has been transferred to; and
- The new Integrated Commissioning body will have minimal setup costs and any on-going costs will initially be covered within the ‘LCC directly delivered services’ budget.

Table 44 - Revised LCC forecast position for 2017/18 - 2021/22

	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22* (£m)
Net Expenditure					
LCC Direct Service Provision	763	702	214	214	214
Combined Authority		61	-	-	-
Wellbeing Corporation		-	488		
Uplift in Costs					
LCC Direct Service Provision		4	5	5	5
Combined Authority		1	-	-	-
Wellbeing Corporation		42	43	-	-
Uplift in LCC Expenditure (in year)		47	48	5	5
Uplift in LCC Expenditure (cumulative)		47	95	14**	19**
Total Expenditure					
LCC Direct Service Provision	763	748	223	228	233
Combined Authority		62	-	-	-
Wellbeing Corporation		-	573	-	-
Total LCC Expenditure	763	810	796	228	233

* Figures are extrapolated from the previous year.

**Cumulative uplift in LCC expenditure reduces in FY 2020/21 as responsibility for managing the uplift in costs transfers to the Wellbeing Corporations and Combined Authority.

The figures in the table above are before any further planned savings from the LCC service delivery expenditure.

Proposed "go-live" year

9.4.5 Allocation of funding

Projected funding over the period of the MTFS has been allocated across the three organisations based on the following principles:

- There will be a transfer of funding from LCC to both the Combined Authority and the Wellbeing Corporations that is equal to the projected expenditure for the services being transferred for the first full year of operation;
- The first year of increases in cost as per LCC budgets will be covered by LCC funding;
- This funding will be reduced in subsequent years to reflect the projected savings of these organisations;
- Future uplifts in demand costs for transferred services will be addressed by the Wellbeing Corporations and Combined Authority; and
- Corporate overheads i.e. Front Office and Professional and Support Services will be cost neutral over the period of the business case.

It is assumed that relevant services will transfer to the Combined Authority on 1st April 2018 and to the Wellbeing Corporations on 1st April 2019. A summary of the proposed funding is set out in table 45 below:

Table 45 - Summary of proposed LCC funding until 2020/21

	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22* (£m)	2022/23* (£m)
LCC Base Funding	715	726	743	766	791	816
LCC Funding for Direct Service Provision	715	664	108	158	190	227
Combined Authority		62	62	62	62	62
Wellbeing Corporation			573	573	573	573
Adjustment of funding from LCC**			-	(27)	(34)	(46)
Revised Wellbeing Corporations			573	546	539	527
Total	715	726	743	766	791	816

* Funding figures are extrapolated from the previous year

** The adjustments in funding are based upon the following assumptions:

- The expected level of savings to be achieved by the Wellbeing Corporations (as per the details set out in Section 9.3) are reflected in reduced funding from LCC;
- This reduction in funding for LCC is based on the assumption that the STP savings will be fully achieved including the integration solution savings (£110m by 2020/21). If these savings are not delivered then it is assumed that the reductions in funding from LCC would have to be revised.

9.4.6 Revised summary position for LCC retained Direct Service Provision

Based upon the assumptions around funding and expenditure for LCC, the revised position over the period of the MTFs is outlined in table 46 below. This includes forecast savings around Front Office and Professional and Support Services, savings assumptions around LCC Direct Service Provision and is predicated on LCC achieving existing year on year savings that are factored into the MTFs:

Table 46 - Lancashire County Council position for directly delivered services up to 2021/22

	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22* (£m)	2022/23* (£m)
Expenditure	(763)	(748)	(223)	(228)	(233)	(238)
Funding	715	664	108	158	190	227
Forecast Front Office savings	(0.5)	(0.5)	(1)	3	4	4
Forecast Professional and Support Service savings	(0.5)	1	2	3	3	3
Surplus / (deficit)	(49)	(83.5)	(114)	(64)	(36)	(4)
Additional LCC savings**	-	-	22	23	23	24
Revised Surplus / (deficit)	(49)	(83.5)	(92)	(41)	(13)	20

*Extrapolated figures

The figures within Table 46 are based upon the following assumptions:

- Details of potential savings are as per Section 9.3 and no account has yet been taken as to the potential impact of putting on hold some planned savings projects (as set out in Section 9.5); and
- **The additional LCC savings relate to efficiencies within the directly delivered services that will need to be achieved by either stopping or reducing service levels and / or service delivery redesign. These savings have been set at target level of 10% from 2019/20 up until 2022/23 to reflect the on-going financial pressures that LCC will face. From 2022/23 a saving of 2% against the residual LCC Direct Service Provision expenditure would achieve a breakeven position by 2022/23, however a continuing 10% efficiency target has been assumed to allow the Council to begin to re-establish their reserves position, which will be eroded during the course of the transition to the future delivery model. This will be critical to providing future financial resilience. This shows that by 2020/21 the in-year deficit has significantly reduced from the current projected in year deficit of £148m to £41m, with a balanced position achieved by 2022/23, by which time the full benefits forecast for the Wellbeing Corporation should be achieved. This reduction in the 2020/21 deficit is comprised of a number of savings elements as outlined below:

- £27m reduction in funding to the Wellbeing Corporations, linked to forecast savings;
- £3m of savings delivered in relation to front office transformation;
- £3m of savings delivered in relation to professional and support services;
- £23m of savings delivered in relation to LCC direct service provision, equivalent to a 10% reduction in the residual LCC Direct Service Provision annual expenditure; and
- £51m of cost and demand pressures that have been transferred from LCC to the Wellbeing Corporations.

Despite this reduction, it is still forecast that the Council would have a cumulative deficit of almost £280m at its peak, with a significantly smaller budget to influence this gap. Section 9.4.9 sets out the transitional funding that would be required to make the future model sustainable.

It is important to note that although the deficit for the directly delivered service element of the budget is greatly reduced, a deficit will still exist across the wider public sector system that will need to be managed. This will be much reduced compared to current forecasts under a 'do nothing' scenario, however a system-wide deficit of circa £80m is still projected in FY 20/21, rising to as much as circa £200m in FY 22/23 once additional demand pressures are accounted for based on the latest available figures. The bulk of this remaining deficit will sit within the Wellbeing Corporations and it assumes that the target savings outlined in the Lancashire and South Cumbria STP submission will be fully realised and a breakeven position realised across the health economy by FY 20/21. This deficit will need to be addressed through a combination of further demand management as the Wellbeing Corporations mature, ongoing operational efficiencies, potential reductions in current service levels and offer and/or increases to the funding base through local precepting or central government top-up funding.

As a part of the Statutory Services Budget Review, it was determined that the County Council needed to consider whether "the current funding model of the Council disadvantages the place of Lancashire and disproportionately contributes to the Lancashire funding gap". The projected figures for the new model demonstrate that this consideration is still applicable and that a revised funding formula for Local Government and Health may be required to provide long-term financial sustainability.

9.4.7 Revision to LCC's MTFS

The current LCC MTFS is set out in Table below in Table 47.

Table 47 - Summary of the projected financial position up to 2020/21 as per the LCC MTFS

£m	2017/18	2018/19	2019/20	2020/21
Net expenditure LCC	763	763	763	763
Uplift (in-year)		47	51	53
Uplift cumulative		47	98	151
Total expenditure	763	810	861	914
Council Tax	431	453	476	499
Revenue Support Grant	81	57	33	27
Business Rates	181	185	191	196
Other	22	31	43	44
Total income	715	726	743	766
In-year surplus/(deficit)	(48)	(84)	(118)	(148)
Cumulative surplus/(deficit)	(48)	(132)	(250)	(398)

The revised position of the MTFS to reflect the proposed model is set out in Table 48 below.

Table 48 - Summary of the projected financial position up to 2020/21 as per the LCC MTFS

£m	2017/18	2018/19	2019/20	2020/21
LCC Net expenditure	763	763	763	763
Uplift cumulative		47	98	151
Total expenditure	763	810	861	914
Transfer of costs – Combined Authority*	-	(62)	(65)	(70)
Transfer of costs – Wellbeing Corporations*	-	-	(573)	(616)
Expected LCC Direct Service Provision savings	1	(0.5)	(23)	(29)
LCC Direct Service Provision Expenditure	764	747.5	200	199
Total Income	(715)	(726)	(743)	(766)
Transfer of funding - Combined Authority	-	62	62	62
Transfer of funding - Wellbeing Corporations	-	-	573	546
Revised LCC Direct Service Provision Income	(715)	(664)	(108)	(158)
LCC In-year surplus/(deficit)	(49)	(83.5)	(92)	(41)
LCC Cumulative surplus/(deficit)	(49)	(133)	(224.5)	(265.5)
Current MTFS Forecast i.e. “Do Nothing” Scenario:				
<i>LCC In-year surplus/(deficit)</i>	<i>(48)</i>	<i>(84)</i>	<i>(118)</i>	<i>(148)</i>
<i>LCC Cumulative surplus/(deficit)</i>	<i>(48)</i>	<i>(132)</i>	<i>(250)</i>	<i>(398)</i>

The changes in the financial position of the MTFS are driven by:

- The increasing gap between the projected costs that are transferred and the funding: This is the result of expected savings to be made by the Wellbeing Corporation and Combined Authority and their responsibility to manage future demand pressures as they are better placed to do so; and
- Expected savings from the retained LCC direct service activity through service reviews of current service levels and potentially stopping some services.

9.4.8 Impact of doing nothing

Since the SSBR report has been issued, the implications of LCC continuing on its current financial trajectory has started to be explored with partners. At a stakeholder event held on 5th October, public sector partners were asked to consider the implications if LCC had to make emergency cuts to budgets. A summary of these findings is set out in Appendix 12.16.

In summary, the key implications of the projected financial position are:

- Significant cuts would be required to service delivery as an emergency balanced budget is set out that will reduce expenditure by approximately 15%;
- Reductions in spend would need to be made to social care and public health services that make up nearly two thirds of the Council’s expenditure; and
- Implications on staff numbers with compulsory redundancies likely.

The financial challenge faced across the public sector is compounded when looked at as a whole due to the degree of co-dependence across the various agencies and local authorities delivering services across the county. Left unaddressed this is likely to result in systemic failure across the system, which will have a highly detrimental effect on the people of Lancashire now and into the future.

9.4.9 Transitional funding

The SSBR highlighted that reserves would be exhausted at some point in 2018/19. Table 49 below shows the planned drawdown of reserves:

Table 49 – LCC planned drawdown of reserves / budget deficit up to 2020/21

	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)
Opening Balance	160	50	(34)	(152)
Planned Drawdown / budget shortfall	(110)	(84)	(118)	(148)
Closing Balance	50	(34)	(152)	(300)

The position for LCC would change based upon the revised costs and benefits if the future model were to be implemented. These changes are summarised below:

Table 50 – LCC revised reserves position / budget deficit for LCC if the future model were to be implemented

	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Opening Balance	160	50	(34.5)	(126.5)	(167.5)	(180.5)
Planned Drawdown / budget shortfall	(110)	(84.5)	(92)	(41)	(13)	20
Closing Balance	50	(34.5)	(126.5)	(167.5)	(180.5)	(160.5)

In addition, the next section sets out some areas of planned saving where the Council are advised to postpone savings plans as they are in areas where capacity will be key to support the implementation of the future model. The delay in implementing these changes could add approximately £6.5m to the drawdown on reserves, however this has not been reflected in the figures above as a further review of the planned portfolio of savings needs to be undertaken to understand the status of each project.

Based upon these forecasts, the Council would need **transitional funding of approximately £35m in 2018/19 to support the implementation of the future model**, with approximately a further £150m of funding required over the following three years (2019-2022) to sustain the model. This is predicated on LCC achieving existing year on year savings that are factored into the MTFs and additional transition funding may be required should these savings not be achieved and or if demand or cost pressures can't be contained during the MTFs period.

Should the system realise the savings outlined within this business case, a breakeven position is forecast from 2022/23. **The total amount of transitional funding therefore required is approximately £190m.**

9.5 Impact on current change projects

As part of the assess phase of the work to develop the future Public Service Delivery Model, a detailed review of the Council's change portfolio was completed. This assessment was based on a snapshot view of the Savings Portfolio as at 7th July 2016. The review took the form of a desktop review and all findings and recommendations are based on the information provided by the LCC Programme Office. The materiality of the content of the savings projects was not subject to scrutiny to check alignment with statutory duties or the draft LCC Corporate Strategy as it was assumed that the Council had undertaken the appropriate due diligence prior to signing off the savings proposals.

Similarly, the results of the Activity Analysis confirmed that there are a 135 live projects being delivered across the Council. This was based on a circa 30% response rate and whilst there is likely duplication with some of the projects contained within the savings portfolio, this could be extrapolated to provide a more accurate indication of change effort across the Council.

A number of the projects within the County Council's change portfolio will be impacted by the future service delivery model. In the first instance, any planned reductions in headcount and capacity in the professional services functions may now need to be revisited as they will be required to support what will be a significant and complex change programme. A summary of the projects relating to Professional functions that would benefit from being delayed are detailed in table 51.

This will have an impact on the Council's reserves position which may now be required for longer than planned to support the transition. The figures presented in table 51 are based on information provided at the time of the Portfolio Review (July 2016), and as such some savings may have already been achieved against these targets and/or additional projects relating to Professional functions may have been identified.

Table 51 – LCC projects relating to professional functions that would benefit from being delayed

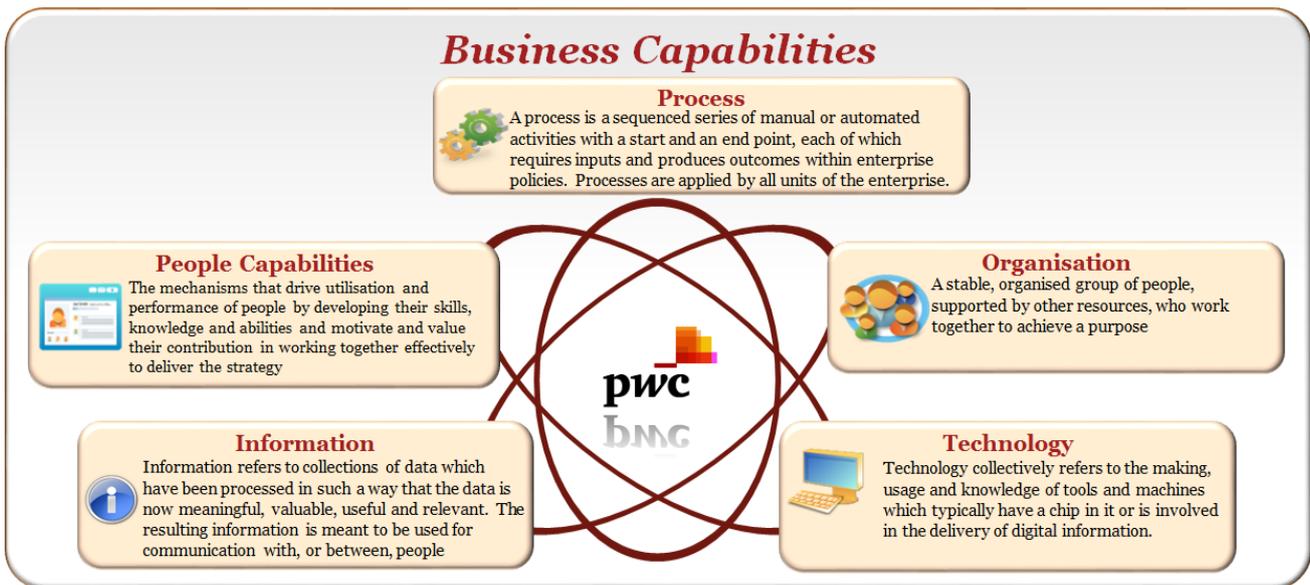
Project Name	Recurring Planned Savings 2018/19 (£000's)
Service Communications	-839
HR Transformation team	-225
Human Resources	-84
Policy, Info. & Commissioning	-1,373
Business Intelligence	-548
Property Asset Management Review Team	-317
Procurement	-477
Programme Office	-2,620
Total	-6,483

In the next phase of work, it would be appropriate for the Council to undertake an in-flight review of all change programmes being delivered across the Council. This should include projects captured within the change portfolio and those being delivered within the frontline service delivery functions outside of the programme management remit of the Programme Office. This review should focus on an impact assessment against the new service delivery model with a 'stop/continue' decision being made to confirm that only those projects that will deliver savings or will take LCC towards enabling the new Public Services Delivery Model will continue. It should be expected that a number of the projects will stop and at this point should release capacity within the service delivery functions to support the transition.

10 Change implications

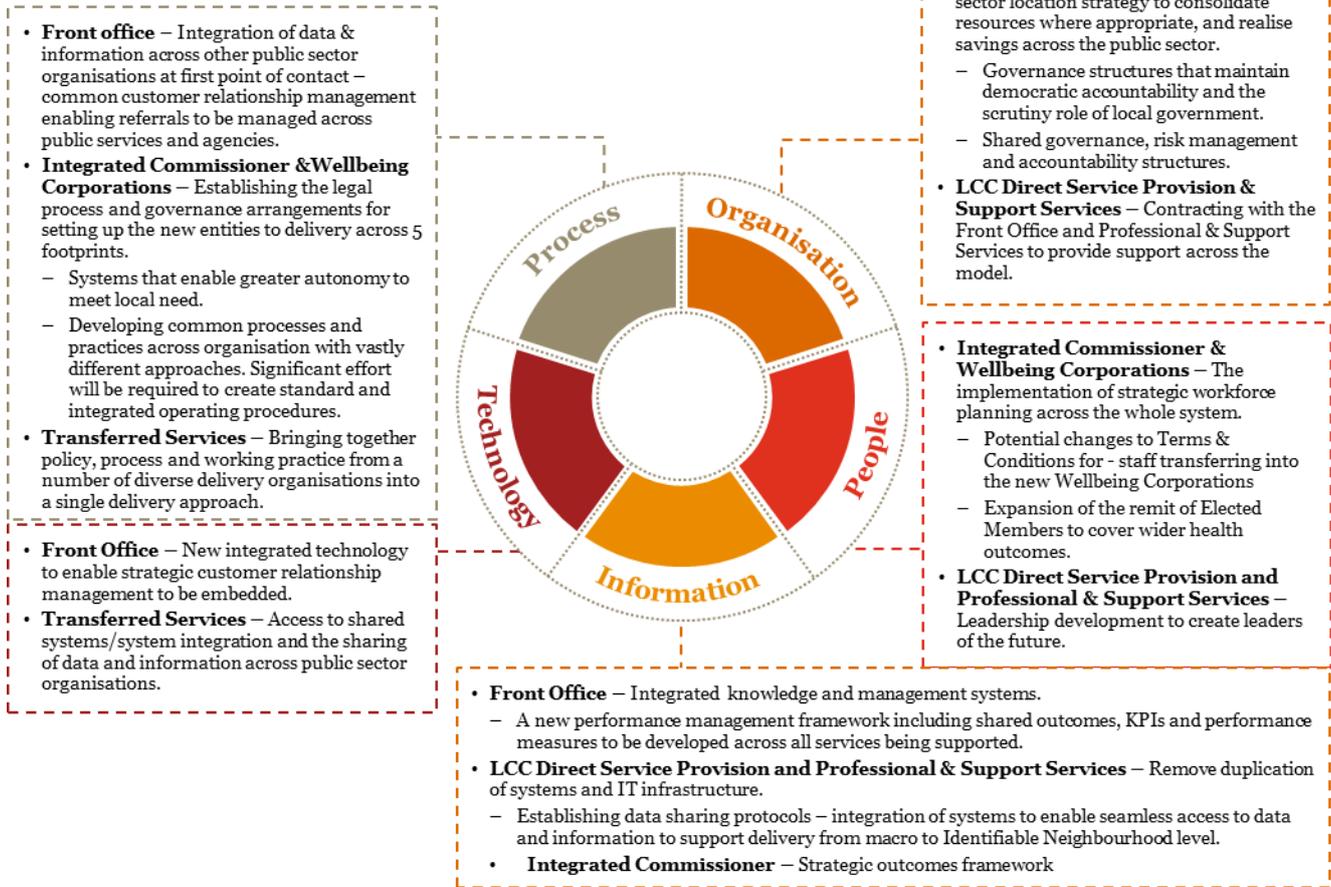
10.1 Change implications

Business Capabilities are gaining wide acceptance as a key feature of strategic planning and transformational change. They are the combination of process, organisation, people capabilities, information and technology that an organisation uses to generate business outcomes. In understanding the change journey ahead, the public sector in Lancashire will need to examine its current Business Capabilities in order to understand and harness areas of strength that can be leveraged and to build the detailed transformation plans that go above and beyond organisational restructuring.



As LCC has begun to consider its own future, position and role in the context of public sector integration, it has started to examine its business capabilities and the key changes that will need to take effect to shore up the County Council to support and drive the transformation.

Strategic leadership will be the driving force in developing the vision and processes that will fuel the large-scale transformation required across Lancashire. This document begins to set out a high level assessment of the key changes required against each of the business capability attributes in order to deliver the new model. This will need to be built out across all partners as the detailed planning takes shape. The changes identified by Business Capability area for LCC are summarised in the diagram below and presented in more detail in Appendix 12.17.



11 Glossary

Term	Definition
Accountable Care System (ACS)	An ACS describes increased collaboration between public sector health & care organisations, typically with no formal integration of commissioning and provision, with the new model delivered through existing organisational forms.
ACO - Accountable Care Organisation	An ACO is a vehicle for the integrated delivery of Health & Social Care services. These typically feature increased collaboration between multiple providers, and a commissioner which sets strategic outcomes and allocates budgets, which providers must deliver against to meet the needs of their local population. There are several variations of an ACO, including the PACS and MCP models.
Alternative Service Delivery Models (ASDM)	ASDMs refer to different methods of delivering a service or providing a function. Examples of ASDMs include shared services, joint commissioning, shared management arrangements and outsourcing.
Professional & Support Services	An overarching term to refer to activity which supports service delivery, and does not involve direct customer contact e.g. administration or finance.
Clinical Commissioning Groups (CCGs)	CCGs are clinically-led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area.
Combined Authority	An institution which can be voluntarily entered into by a group of local authorities, which pools responsibility and entities participating organisations to receive certain delegated functions from central government.
Commissioning	Evolving to focus on outcomes and encompass the whole system of services, the totality of resources, and different ways of achieving improved outcomes.
Delivery vehicle	An organisational structure that delivers a service.
Financial Benefits	Benefits that will deliver a financial saving against existing budgets and budget forecasts for Lancashire County Council and public sector partner organisations. This includes benefits stemming from cost reduction, improved demand management and increases in revenue generation.
Front Office	An overarching term to refer to activity involving direct contact with the customer.
Identifiable communities	These are communities (across a population of 20,000 - 30,000) which are recognised by residents and deliver a number of services, including voluntary and third sector services.
Integrated Commissioning Authority	An organisation which sets the Health and Wellbeing Outcomes Framework and allocates budgets for integrated health & social care services across the five Wellbeing Corporations.
Joint Strategic Needs Assessment (JSNA)	Under the Health and Social Care Act 2012, local Health and Wellbeing Boards are responsible for completing a Joint Strategic Needs Assessment. This assesses the health and wellbeing of the local community and is used for understanding the needs and priorities of particular areas.
MCP - Multispecialty-community provider	This is a variation of an ACO, which delivers primary care and community-based health and, care services including mental health. Acute services are not considered in scope for this model.
Non-cashable benefits	Benefits that will deliver efficiencies for Lancashire County Council and/or public sector partner organisations but will not be taken as a financial saving. This includes the realisation of capacity which is to be reinvested into the business and demand, as well as cost avoidance to be realised in the future.
Non-financial benefits	Benefits not related to financial efficiencies and/or releasing capacity, now or in the future. This includes improved outcomes for citizens and employees, more effective and streamlined decision making within the public sector and the transfer of financial risk.
Open Public Services	The government's reform programme for public services.
PACS - Primary and Acute Care Systems	This is a variation of an ACO, in which health and social care services are delivered in conjunction with community-provided services, including mental health. The list of services considered in scope within the PACS model includes Primary (GPs) and Acute (Hospital) services. Please see Appendix 12.19 for an example of a PACS model, from Alzira, Valencia.
Public Sector Service Delivery Model	An overarching term to refer to the proposed model set out in this document across the public sector in Lancashire.

Term	Definition
LCC Direct Service Provision	This refers to services which will continue to be provided by the County Council.
Statutory Services	Services which the council are legally required to provide.
Sustainability and Transformation plan (STP)	Sustainability and transformation plans (STPs) are five year plans for the future of health and care services in defined areas.
The devolution agenda	Devolution refers to the decentralisation of powers from central government.
Transferred Services	This refers to services which may be transferred away from direct provision by the County Council to the Combined Authority.
Wellbeing Corporations	Five new organisations which deliver health & social care services for a defined population, who are allocated budgets by an Integrated Commissioning Authority to achieve outcomes within identifiable communities.

12 Appendices

12.1 Outline of final business case approach

Step	Approach
Analysis of current service delivery model for the Council	<ul style="list-style-type: none"> An independent review of LCC's financial position and service-specific comparator analysis; Assessment of current activity across LCC; Definition of the ambition for change within LCC, including value drivers for considering future change options; and Engagement with strategic partners to establish the ambition for change across the public sector.
Development of a new Public Services Delivery model	<ul style="list-style-type: none"> Development of four service delivery options with LCC Management Team and Cabinet Management Team, incorporating change opportunities from analysis of the current ways of working; Evaluation of the four service delivery options against the agreed value driver criteria; and Agreement of the preferred service delivery model.
Development of 'The Case For Change'	<ul style="list-style-type: none"> Definition of the cost and benefits for implementing the service delivery model; and Identification of early interventions.
Beginning the Journey to Implementation	<ul style="list-style-type: none"> Development of an implementation roadmap, including identifying key milestones required to effect the change; Analysis of the implications of the change that will be used to inform the next phase of detailed design work; A Change Readiness Assessment for LCC that can be used across public sector partners to tailor detailed change plans as the transformation journey moves forward; and Identification of likely Transitional Funding requirements.

12.2 Data sources table

Data source	Section	Reason for Use
LCC Activity Analysis	Overarching	Provides an understanding of current activity taking place across the Council
Base Budget Review		Provides an up-to-date list of services delivered by LCC to support the mapping of future state costs
LCC Medium Term Financial Plan and Cost Pressures Data Template		Provides a budget forecast for LCC services and details of anticipated future demand and cost pressures to support the development of the future LCC position
Customer Access contact volumes for FY 15/16	Front office	Provides a baseline level of activity for the existing Front Office function
MOSAIC geo-segmentation data		Provides insight into the needs and competencies of the local population, including their propensity to channel shift
SOCITM benchmarking data		Informs the level of effort required to handle a range of interaction types
Ofsted Fostering Statistics, FY 14/15; Section 251 data returns		Baselining of fostering placement activities and costs for LCC
PwC internal benchmarking and data sources		Inform the development of implementation costs, ongoing costs and savings targets
Office for National Statistics: 'MYE5: Population estimates and population density for the UK, mid-2001 to mid-2015'		Estimate activity levels and associated expenditure on Front Office activities for District Council's and Unitary Authorities to provide a narrative on additional potential Front Office benefits
Leading Practice Analyser / Gap Analysis outputs	Professional and Support Services	Inform the potential for efficiencies across professional and support services activities

Data source	Section	Reason for Use
PwC Activity Analysis and Gap Analysis Benchmarking Dataset		Inform the potential efficiencies for professional and support services activities where a Gap Analysis was not conducted for LCC
NHS Hospital & Community Health Service (HCHS) monthly workforce statistics – August 2016; <i>Headcount/FTE of staff designated as 'NHS infrastructure support'</i>		Estimate the size of Professional and Support Services for local Health Partners to provide a narrative on additional potential benefits
Revenue Account Budget FY 16/17 for District Council's and Unitary Authorities; Cost of 'Corporate and Democratic Core'		Estimate the cost of Professional and Support Services for District Council's and Unitary Authorities to provide a narrative on additional potential benefits
2016/17 service budgets – provided by Heads of Service, August 2016	LCC Direct Service Provision	Baselining of current state service costs
2016/17 service budgets – provided by Heads of Service, August 2016	Transferred services	Baselining of current state service costs
Revenue Account Budget FY 16/17 for LCC, District Council's and Unitary Authorities		Baselining of LCC, District Council and Unitary Authority waste management collection and disposal costs
Department for Communities and Local Government, Revenue Account Budget FY 15/16		Benchmarking and comparison of Waste Management disposal and collection costs
Office for National Statistics: 'MYE5: Population estimates and population density for the UK, mid-2001 to mid-2015'		Selection of comparator group for benchmarking of waste management collection and disposal costs
STP Template – Lancashire and South Cumbria Submission for 21-10-16 v2	Wellbeing Corporations	Baselining of current state activity levels and associated spend
STP Template – Lancashire and South Cumbria Submission for 21-10-16 v2; Solution 3 <i>'Roll out of integrated primary and community services providing care for physical and mental health'</i>		Baselining of projected reductions in activity and the associated costs and benefits resulting from integration, including the re-provision of costs from acute care to community care
Adult Social Care MTFs; Price Volume Dataset, August 2016		Baseline and project activity levels and costs relating to the delivery of Adult Social Care services, by client group
PwC Benchmarking Dataset – Integrated Care Outcomes, Business Cases and STP Submissions		Inform the potential for reductions in acute care activity, over and above those stated in the Lancashire and South Cumbria STP Submission
PwC Benchmarking Dataset – Integrated Care Outcome and Business Cases		Inform the potential for transitioning Adult Social Care clients to alternative care packages

12.3 Evaluation of each of the four options considered

As outlined in section 4.3, the preferred model was chosen as it is most likely to deliver against the value drivers, as well as providing a coherent, efficient and citizen focused public sector service delivery system.

The scoring for the value drivers is presented below.

Value Driver	Option 1 – Optimise	Option 2 – ACOs	Option 3- Integrated Public Services	Option 4 – Commissioning Council
Manage Demand	Red	Amber	Green	Green
Ease of Implementation	Green	Amber	Red	Red
Reduction of financial risk	Red	Amber	Amber	Green
Ability to reduce costs	Red	Amber	Green	Green
Contribution to outcomes and corporate strategy	Red	Amber	Green	Amber
Implementation costs	Green	Amber	Red	Red

12.4 Maturity assessment

Focus Priorities	1 (Low)	2	3	4 (High)
Facilitating shared place leadership	Limited collaborative partnership working in place. Council focusses on maximising its own impact and influence, rather than working with local partners.	Some collaborative partnership working is in place, but Council does not actively work to support the achievement of local partners' visions.	Active collaborative and outcome-focussed partnership working in place. Council helps local organisations to achieve their vision. However, fully integrated working not yet present.	Teams from different local organisations are integrated and focus on outcomes, rather than service inputs. Council acts as a place leader, helping partner organisations to develop their vision.
Developing an empowered, agile and networked workforce	Teams' skills are focussed entirely on their functional specialism. Limited cross-discipline collaboration.	Some evidence of more flexible workforce, including flatter management structures, but there is still siloed working in 'functions' / Service Areas.	Effective use of technology to support the workforce allowing individuals to have more responsibility and be able to flex support at peak times. Flexible/home working not yet fully introduced.	Multi-disciplinary teams having distributed and delegated leadership with the Council and partners. Council will be commissioning rather than delivering workforce where appropriate.
Designing innovative improvements to deliver better outcomes	Little or no internal innovation, including planning for alternative council business models. Minimal use of outside innovation and expertise.	Planning for alternative business models is in place, but there is very limited engagement with local external innovators.	Some effective use of innovative ideas (internal/ external) to shape the council's future direction. Innovative use of technology.	Council actively engages with public and private sector clients and local residents to derive innovative ideas. This enables new business models and technologies to be used effectively.
Building capacity around data and analytics.	Data is gathered, but is not stored effectively in a single repository and is not extracted to support decision making.	Data is stored in a central repository, but data is only used to a limited extent to drive decision making.	Central repository of data is used to provide business intelligence and to support effective future planning across the organisation.	Data is optimised to plan organisational strategy, predict future trends and model the outcomes of interventions across organisation.
Actively championing digital participation	Unclear digital strategy, with poor infrastructure to support the sharing of information and poor digital engagement.	A clear digital strategy, with a platform for knowledge and information sharing in place. However, platform is not well used by public or partners.	A clear digital strategy, with a platform for knowledge and information sharing which is generally well used. Effective use of digital to support internal processes. Stakeholders not engaged.	Effective platforms established to enable local authority, partners and residents to collaborate and share information and provide efficient internal processes.

- Current View defined by MT & CMT
- Future View defined by MT & CMT



12.5 Services mapped to the future model – Wellbeing Corporations

Reference number refers to the Base Budget Review references.

Service Area	Service	Reference Number
Public Health	Prevention	7
	Health Equity, Welfare & Partnerships (inc. Employee Support)	115/116
	Health Equity, Welfare & Partnerships – Health Equity (Public Health) Element	89
	Health Equity, Welfare & Partnerships – Partnerships element (except Road Safety)	90
	Health Equity, Welfare & Partnerships – Road Safety element	91
	Patient Safety & Quality Improvement	93
	Wellbeing Prevention and Early Help Service – Public Health Children and Young People	97
	Wellbeing, Prevention and Early Help Public Health – Health Checks and Wellness Commissioning	98
	Public Health General (including PH Staffing and Consultants)	99
	Well Being Prevention and Early Help – Public Health Tobacco Control and Stop Smoking Services	101
	WPEH – Public Health Substance Misuse	102
	Wellbeing, Prevention and Early Help Service (WPEHS) Combined Offer	103
	Welfare Rights Health Equity, Welfare Partnerships	116
	Well Being Prevention and Early Help – Sexual Health Commissioning	100
Miscellaneous	Public Service Area Integration (Volunteer Service)	30
	Environmental & Community Projects	57
Adults Social Care	Disability (Adults)	1
	Older People Services	2
	Carers Services	3
	Commissioned Adult Social Care – Learning Disability Services	4
	Physical Support	6
	Social Care Staff	8
	Mental Health	9
	Safeguarding (Adults)	10
Children’s Services	Supporting People	111
	Adoption Service	11
	In-house Fostering Service	12
	Overnight Short Breaks Unit	13
	In House Residential	14
	SCAYT + (Supporting Carers & Young People Together)	15
	YOT (Adoption, fostering, residential and YOT)	16
	Children’s Social Care Family Support	17
	Children’s Social Care Financial Assistance to Care Leavers	18
	Children’s Social Care Placements	20
	Children’s Social Care – Social Work	21
Safeguarding, inspection and audit	22	
SEND service	29	

12.6 Districts covered by each Hospital/Trust

Hospital/Trust	Districts covered	Population
Blackpool Teaching Hospital	Blackpool	139,580
	Fylde	77,320
	Wyre	109,750
Royal Lancaster Infirmary & Queen Victoria Hospital	Lancaster	142,280
	South Lakeland	103,500
Barrow-in-Furness Hospital & Westmoreland General Hospital	Barrow-in-Furness	67,500
	South Lakeland	103,500
Burnley General Hospital	Burnley	87,370
	Pendle	90,110
	Ribble Valley	58,480
Royal Blackburn Hospital	Blackburn	146,850
	Hyndburn	80,230
	Rossendale	69,490
	Ribble Valley	58,480
Chorley & South Ribble Hospital	Chorley	112,970
	South Ribble	109,650
	West Lancashire	112,740
Royal Preston Hospital	Preston	141,300
	All Districts in Lancashire County	1,478,120
Southport & Ormskirk Hospital	Sefton	273,700
	West Lancashire	112,740
Airedale General Hospital	Bradford	531,200
	Rossendale	69,490

12.7 Services mapped to the future model – LCC Direct Service Provision

Reference number refers to the Base Budget Review references.

Service Area	Service	Reference number
Highways Services	Asset Management Highway	32
	Design and Construction Buildings Highways	48
	Highway Development Control	64
	Highways Management	66
	Highway Management – Operations Delivery	67
	Highways Regulation & Inspection	68
	Street Lighting	71
	Traffic Signals	72
Education services	Children's Social Care (Other)	19
	School Improvement – Alternative and Complementary Education	23
	School Improvement – Children missing education and attendance	24
	School Improvement – Early Years Teachers	25
	School Improvement – Pupil financial access	27
	Financial Management (Development and Schools)	36

Service Area	Service	Reference number
	Skills, Learning & Development	53
	Lancashire Adult Learning	54
	School Crossing Patrol Service	92
	School improvement – schools advisory service	28a
	School improvement – learning improvement	28b
Public & Integrated Transport	Fleet Services	75
	Integrated Transport	77
Cultural Services (*Some Cultural Services to be provided directly by LCC whilst some services are to be transferred).	Libraries, Registrars	73,74
	Countryside Services (part of Planning & Environment)	56
Traded Services	Lancashire Parking Services	114
	Governor Services	124
	Lancashire Teaching Agency	125
	School Catering	126
	Graduate Teacher	127
	Lancashire Music Service	128
	Learning Excellence	129
	Outdoor Education	130
	Recruitment, Retention & NQT's	131
	SEND Traded Team	132
Miscellaneous	Coroners Service	39
	Office of the Police and Crime Commissioner Treasurer	42
	PROW – Public Rights of way	60
	Rural	61
	Flood Risk Management	65
	Severe Weather	69
	Member Grants	112

12.8 Services mapped to the future model – Transferred Services

Reference number refers to the Base Budget Review references.

Service Area	Service	Reference Number
Planning	Provision planning	33
	Planning (part of Planning & Environment)	59
	Emergency Planning (part of Emergency Planning & Resilience)	86
	Health, Safety and Quality (part of Emergency Planning & Resilience)	87
	Health Protection (part of Emergency Planning & Resilience)	88
	Educational Visits (part of Emergency Planning & Resilience)	123
Waste (Collection & Disposal)	Green Waste (non PFI)	79
	Waste Management – Household Waste Recycling Centres	80
	Landfill – Disposal	81

Service Area	Service	Reference Number
	Waste Management – Waste PFI	83
	Waste Transfer Stations	85
	Waste management General	82
Strategic Transport	Local Transport and Masterplanning	58
Public & Integrated Transport	Public Transport	76
Economic Development	Business Growth	104
	Strategic Economic Development	105
	LEP Co-ordination	106
Cultural Services	Museums, Culture	73
Trading Standards & Scientific Services	Closed Landfill	94
	Scientific Services Environmental Testing (except Closed Landfill)	95
	Trading Standards – Fair Trading	96a
	Trading Standards – Animal Health and Agriculture	96b
	Trading Standards – Food Standards	96c
	Trading Standards – Product Safety, Petroleum and Explosives	96e
	Trading Standards – Weights and Measures (Metrology)	96f

12.9 Front Office options

The four Front Office options considered and their pros and cons are set out below.

Option 1 – Single Front Office for Lancashire Public Services

Key Characteristics of the Option:

- Single access point for all public sector services to be delivered through the future delivery model, with ‘Wellbeing Corporations’ commissioning services from the Front Office function;
- The Front Office could be delivered from a single site, or operate on a virtual basis across multiple locations;
- The Front Office will consolidate a range of customer contact currently received across the Health sector, including GP surgeries, dentists and hospitals, offering a ‘Care Navigator’ service across Health, Social Care and 3rd Sector services;
- Rationalisation of existing contact options, with a substantial reduction in phone numbers and email addresses used by residents when accessing public services;
- Front Office advisors will receive specialist training and support, with customers directed to appropriately skilled advisors based on the nature of their query, with virtual assistants and web chat capabilities providing online support and guidance capabilities; and
- A significant investment in technology and data management tools will allow Front Office advisors to view customer information from across the whole suite of public sector services that constitute the proposed delivery model.

Pros	Cons
The most simplified landscape for customers accessing public services, with a vastly reduced number of access points across the system.	A significant investment in technology and business change initiatives would be required to enable this delivery model to be implemented, with the payback period likely to stretch to 5+ years.
Investment in technology will enable seamless data sharing across organisations, with increased visibility of customer needs and behaviours.	Represents the most complex change, with partner organisations likely required to make changes to their existing application portfolio to facilitate the change.
A single Front Office function provides the most potential for achieving economies of scale across the system.	Likely to receive significant resistance across the system. Primary and Acute care settings in particular are likely to want to retain their existing access points.
	Difficulties may be encountered in agreeing joint governance and funding arrangements across Public Sector partners.
	Although representing the best opportunity to deliver economies of scale, this option may also introduce additional workforce costs with savings unlikely to be realised across Primary and Acute care settings as staff will still be required to deliver front line services to customers.

Option 2 – Front Office for Lancashire Public Services, excl. Primary and Acute Care

Key Characteristics of the Option:

- Vastly reduced number of access points for public sector services to be delivered through the future delivery model, with ‘Wellbeing Corporations’ commissioning services from the Front Office function;
- Primary Care settings (e.g. GP’s, dentists) and Acute Care settings (e.g. hospitals) retain their existing access channels which will be well known to the local communities they serve;
- ‘Care Navigator’ service to be delivered via the Front Office, providing coordinated access to Health, Social Care and 3rd Sector services for citizens and professionals;
- The Front Office could be delivered from a single site, or operate on a virtual basis across multiple locations;
- Rationalisation of existing contact options, with a substantial reduction in phone numbers and email addresses used by residents when accessing public services;
- Front Office advisors will receive specialist training and support, with customers directed to appropriately skilled advisors based on the nature of their query, with virtual assistants and web chat capabilities providing online support and guidance capabilities; and
- Investment in technology and data management tools will, in the short-term, allow Front Office advisors to view customer information from across the range of public sector services that they serve. In the longer-term, data could also be incorporated from additional sources, such as Primary Care.

Pros	Cons
Significantly simplified landscape for customers accessing public services, with a vastly reduced number of access points across the system.	A significant investment in technology and business change initiatives would be required to enable this delivery model to be implemented, however up-front costs could be minimised by taking a longer-term view to data sharing and data integration with e.g. Primary Care.
Investment in technology will enable seamless data sharing across organisations, with increased visibility of customer needs and behaviours.	Despite significant simplification, some fragmentation in how customers access public services will remain as a result of Primary and Acute care maintaining their own access points and channels.
Provides significant potential for achieving economies of scale in the delivery of Front Office services across the system.	Difficulties may be encountered in agreeing joint governance and funding arrangements across Public Sector partners.
Likely to gain support from Primary and Acute Care settings, while maintaining consistency for customers who regularly access these services.	

Option 3 – Separate Front Office for LCC Direct Service Provision & Transferred Services and Wellbeing Corporations

Key Characteristics of the Option:

- Reduced number of access points for public sector services, with Lancashire County Council operating a single Front Office for both its retained services and those delivered through alternative service delivery vehicles e.g. the Combined Authority;
- ‘Wellbeing Corporations’ operate a separate Front Office function, either pooling resources to deliver a single Front Office across the five footprints, or each footprint delivering its own Front Office function. A ‘Care Navigator’ service is delivered via this Front Office, providing coordinated access to Health, Social Care and 3rd Sector services for citizens and professionals;
- Primary Care settings (e.g. GP’s, dentists) and Acute Care settings (e.g. hospitals) retain their existing access channels which will be well known to the local communities they serve;
- Rationalisation of existing contact options, with a reduction in phone numbers and email addresses used by residents when accessing public services. The number of access points will however be dependent on the approach taken by the five ‘Wellbeing Corporations’;
- Front Office advisors will receive specialist training and support, with customers directed to appropriately skilled advisors based on the nature of their query, with virtual assistants and web chat capabilities providing online support and guidance capabilities; and
- Investment in technology and data management tools will allow Front Office advisors to view customer information from across the range of public sector services that they serve. Data could also be shared across Front Office functions if common technologies were used. In the longer-term, data could also be incorporated from additional sources, such as Primary Care.

Pros	Cons
Simplified landscape for customers accessing public services, with a vastly reduced number of access points across the system.	A significant investment in technology and business change initiatives would be required to enable this delivery model to be implemented.
Allows for more focussed training and upskilling of advisors within each of the Front Office functions, enabling change to be delivered more quickly while providing the potential for achieving some economies of scale in the delivery of Front Office services across the system.	The cost of establishing and operating the Front Office functions may be higher than in Options 1 and 2 due to duplications in technology, infrastructure and management requirements.
Investment in technology will enable data sharing across services, with an improvement in the visibility of customer needs and behaviours. This could be maximised by ensuring standardisation across Front Office operations. Likely to gain support from Primary and Acute Care settings, while maintaining consistency for customers who regularly access these services.	Despite simplification, some fragmentation in how customers access public services will remain as a result of Primary Care, Acute Care and ‘Wellbeing Organisations’ maintaining their own access points and channels.

Option 4 – Separate Front Offices for each element of the Proposed Delivery Model

Key Characteristics of the Option:

- Reduced number of access points for public sector services compared to existing ways of working, however this represents the most fragmented of the four options;
- Separate Front Offices will operate for LCC services, services delivered through alternative service delivery vehicles, and ‘Wellbeing Corporations’. Wellbeing Corporations’ will have the option of either pooling resources to deliver a single Front Office across the five footprints, or each footprint delivering its own function;
- A ‘Care Navigator’ service to be delivered via the ‘Wellbeing Corporations’ Front Office(s), providing coordinated access to Health, Social Care and 3rd Sector services for citizens and professionals;
- Primary Care settings (e.g. GP’s, dentists) and Acute Care settings (e.g. hospitals) retain their existing access channels which will be well known to the local communities they serve;
- Rationalisation of existing contact options, with a reduction in phone numbers and email addresses used by residents when accessing public services, albeit to the lowest extent of the four options presented in this document;

- Front Office advisors will receive specialist training and support, with customers directed to appropriately skilled advisors based on the nature of their query, with virtual assistants and web chat capabilities providing online support and guidance capabilities; and
- Investment in technology and data management tools will allow Front Office advisors to view customer information from across the range of public sector services that they serve, although this may be limited value where a low number of services are provided through a Front Office function. Data could however be shared across Front Office functions if common technologies were used and appropriate investments made to enable data sharing.

Pros	Cons
Reduced number of access points across the system compared to the current state, with more focussed training and upskilling of advisors able to be delivered within each of the Front Office functions.	A significant investment in technology and business change would be required to enable this model to be implemented, with a risk that each Front Office takes a different approach to implementing technology, processes and policies.
Investment in technology will enable data sharing across services, although the value of this will be restricted by the scope of service offerings within each Front Office function.	The cost of establishing and operating the Front Office functions may still be higher than in other options due to duplications in technology, infrastructure and management requirements, with minimal opportunities for achieving economies of scale in the delivery of Front Office services.
Likely to gain support from Primary and Acute Care settings, while maintaining consistency for customers who regularly access these services.	Provides limited opportunities to share information across organisational boundaries, restricting the system's ability to use data analysis tools to e.g. better support demand management and cost avoidance initiatives.
	Despite simplification, some fragmentation in how customers access public services will remain as a result of each core component of the delivery model operating its own Front Office function.

12.10 Activity analysis outputs – Professional & Support Services

Process	FTE	Spread of activity (by interview)	Identified IT applications supporting the process	Comments
Workforce Planning	89	50%	38	Strategic planning of workforce requirements undertaken in large parts of LCC using a wide range of different IT applications.
Workforce Scheduling	146	52%	39	Transactional activity often undertaken with no use of technology.
Administration	432	62%	48	There has been a reduction in previous years of 'administration' posts but the activity remains across the organisation undertaken in a fragmented way.
Procurement	107	41%	6	This includes the transactional Procure to Pay activity.
Managing Contracts	98	38%	11	Workshop identified that the management of contracts is not always proportionate with lack of information often resulting in a 'cautious' approach to contracts management.
HR	68	68%	21	A number of HR processes have been devolved into the business. This includes recruitment.
Financial Management	91	40%	15	The number of FTE's involved in this process is low compared to other local authorities.
Legal	70	10%	9	Activity relatively concentrated across the authority.
Fleet Management	45	3%	0	Activity relatively concentrated across the authority.
Property & Facilities Management	352	17%	7	Activity relatively concentrated across the authority.

12.11 *Services mapped to the future Model – Professional & Support Services*

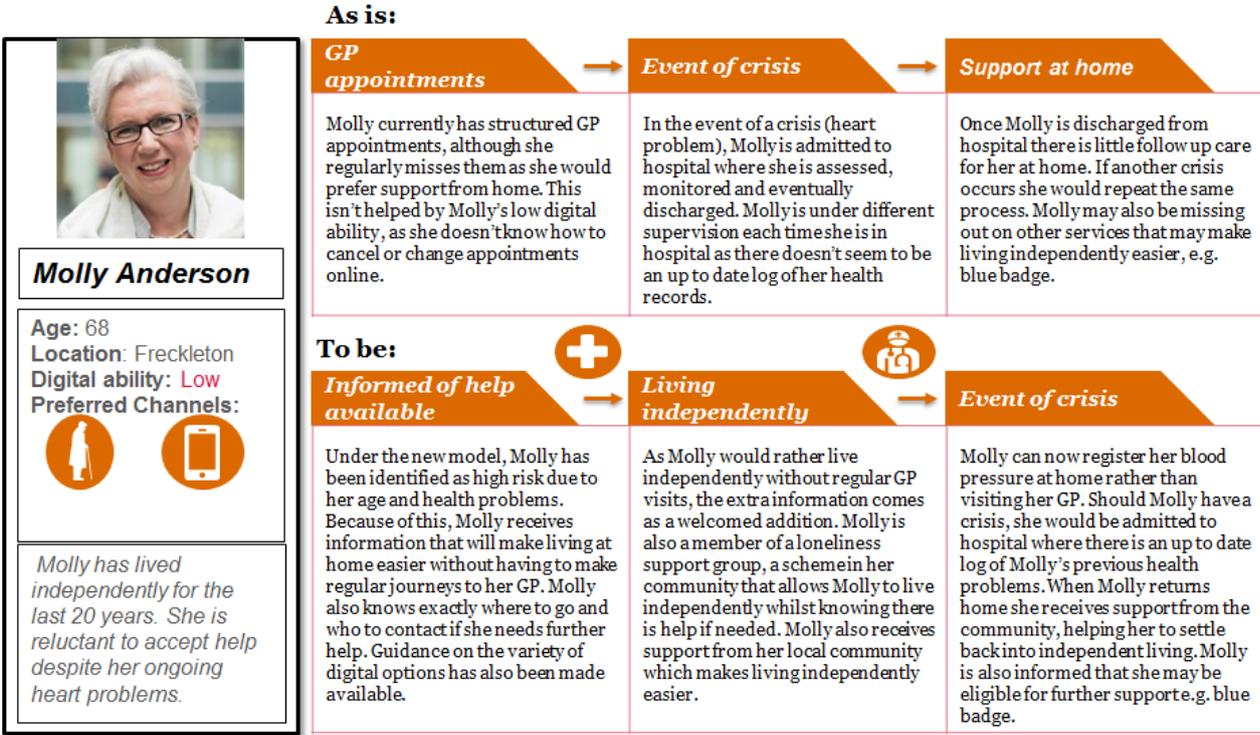
Reference number refers to the Base Budget Review references.

Service Area	Service	Reference Number
Corporate Services	Operational Support	5
	Asset management buildings, property review and development	31
	Corporate Finance	34
	Exchequer Services	35
	Financial Management (Operational)	37
	Internal Audit	38
	Democratic services (excluding grants)	40
	Legal services	41
	Policy, Information and Commissioning (Including Business Intelligence and Equality and Cohesion Team)	43
	Procurement	44
	Core Business Systems/Transformation (BTLS) – ICT, Payroll, and Revs & Benefits	45
	Core Business Systems/Transformation (non BTLS)	46
	Estates Land Not in Operational Use	49
	Building Cleaning	50
	Human Resources	55
	Customer Access	63
	Directors and Executive Support	107
	Communications	117
	Business Support & Admin	122
	Programme Office	62
Estates	Design and Construction Buildings	47
	FM – Buildings Accommodation/Buildings Accommodation – Youth	51
	Facilities Management – Staff and Civic Catering in Colleges, Conferencing and Further Education	113

12.12 Customer journeys

Customer journey 1

“I would like support whilst living independently ”



Customer journey 2

“What services are available to me as a carer?”



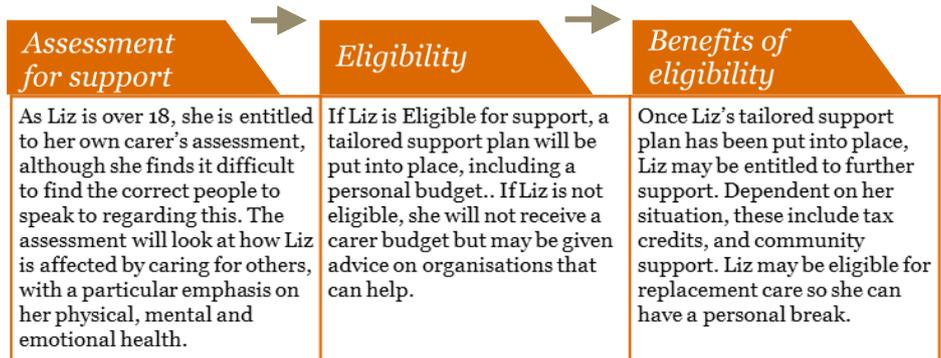
Liz

Age: 45
Location: Bacup
Digital ability: Medium
Preferred Channels:

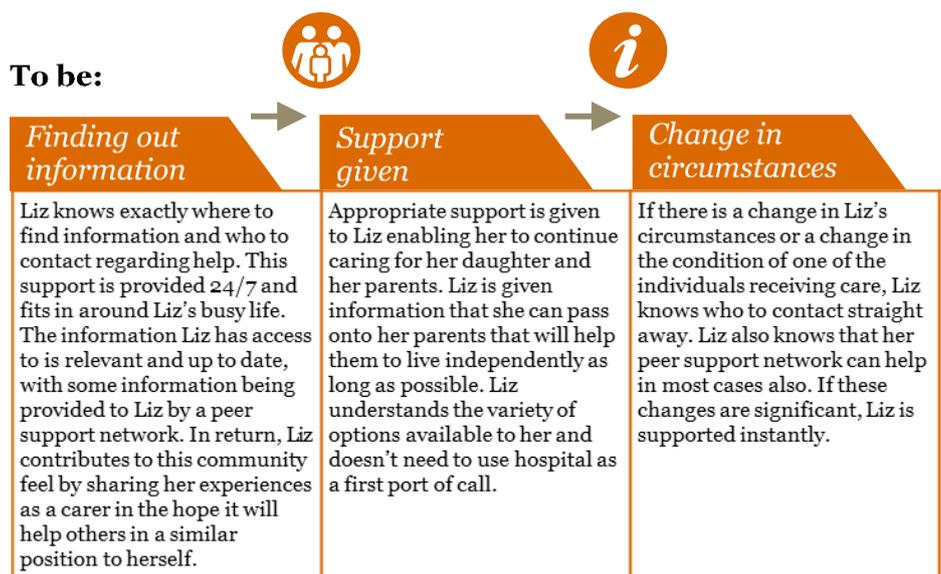



Liz lives with her husband, 3 children (one has learning disabilities) and is an ad hoc carer for her parents.

As is:

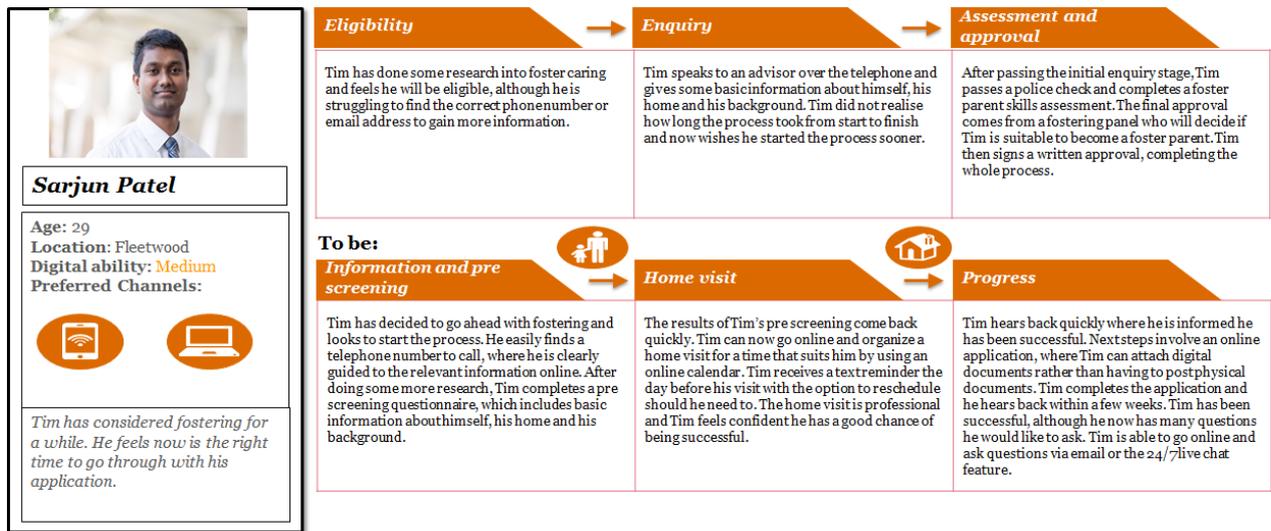


To be:



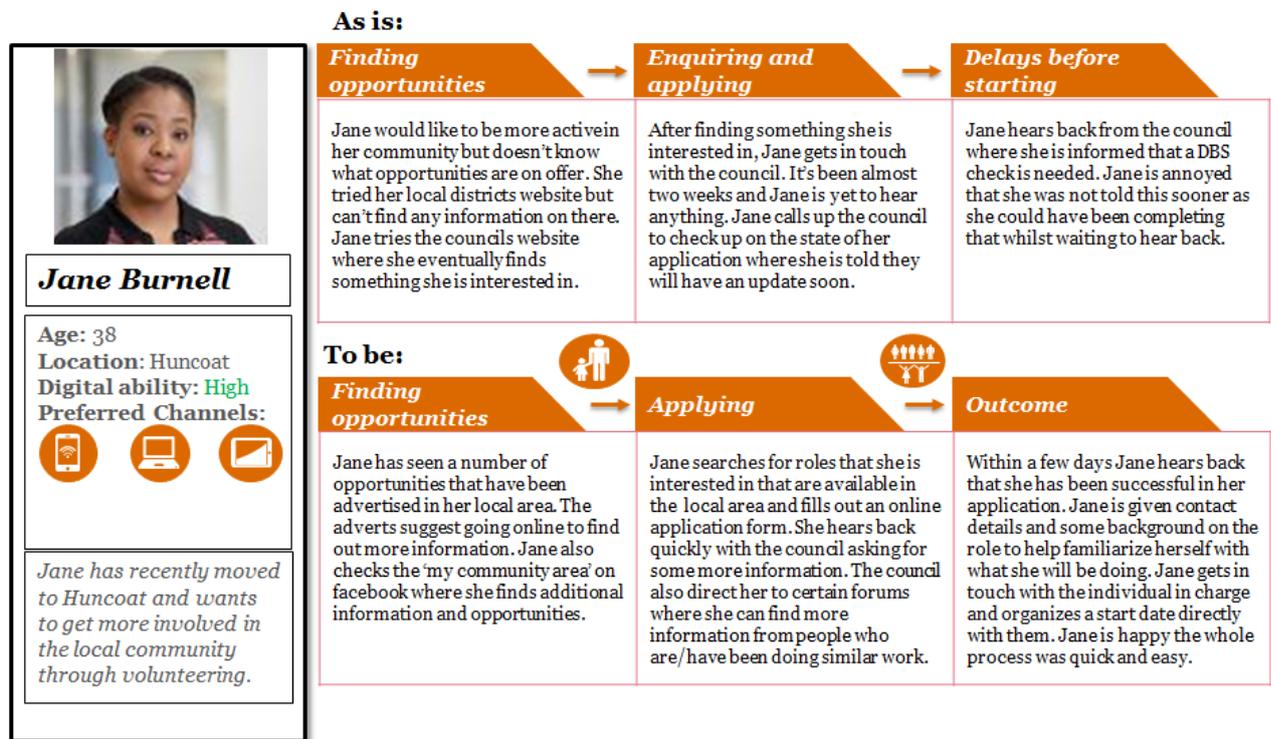
Customer journey 3

“I would like to become a foster parent”



Customer journey 4

“I would like to get involved in volunteering”



12.13 Wellbeing Corporation 6 month outcome, activities and outputs plan

10-12 weeks	6-8 weeks	4-6 weeks
Wellbeing Corporation Readiness & Outcomes Framework	Rapid High Level Design	Implementation Planning
<p>Outcomes by end of stage</p> <p>System leaders have agreed:</p> <ul style="list-style-type: none"> The clinical and care scope for future Wellbeing Operations; Their desired outcomes in a clear outcomes framework; How ready the system is to design and implement a Wellbeing Corporation. 	<p>Outcomes by end of stage</p> <p>System leaders have agreed:</p> <ul style="list-style-type: none"> The layers of the Wellbeing Corporation operating model, including preferred provider form; Define commissioning authority requirement and contractual changes and operating model; The financial case for implementing the Wellbeing Corporation; Pathway care design; Enabler requirements (workforce, IM&T, estates). 	<p>Outcomes by end of stage</p> <p>System leaders have agreed:</p> <ul style="list-style-type: none"> Detailed Wellbeing Corporation implementation roadmap, release strategy and detailed plan; Wellbeing Corporation quick wins; Transition resource requirements & governance.
<p>Key activities undertaken</p> <p>A1.1 Mobilise programme team, PMO and Programme Board;</p> <p>A1.2 Interview key stakeholders;</p> <p>A1.3 Gather baseline data (FTE, income and cost data, current initiatives, performance levels, IM&T, estates);</p> <p>A1.4 Agree care outcomes and document in Outcomes Framework;</p> <p>A1.5 Define Wellbeing Corporation scope of service and care pathways;</p> <p>A1.6 Validate Wellbeing Corporation readiness assessment;</p> <p>A1.7 Sign-off Outcomes Framework and Wellbeing Corporation Readiness Assessment with Wellbeing Corporation Programme Board;</p> <p>A1.8 Commence design of governance framework for WBC;</p> <p>A1.9 Commence strategic alignment and engagement with partners.</p>	<p>Key activities undertaken</p> <p>A2.1 Define Wellbeing Corporation provider delivery options and run options appraisals;</p> <p>A2.2 Define commissioning and contracting options and run options appraisal;</p> <p>A2.3 Rapid pathway care design workshops (if required);</p> <p>A2.4 Detailed Wellbeing Corporation financial modelling;</p> <p>A2.5 Wellbeing Corporation enabler requirement gathering;</p> <p>A2.6 Wellbeing Corporation governance design with stakeholders (transition and post go-live);</p> <p>A2.7 Sign-off Wellbeing Corporation Rapid Design document with Wellbeing Corporation Programme Board.</p>	<p>Key activities undertaken</p> <p>A3.1 Undertake Wellbeing Corporation release planning;</p> <p>A3.2 Run detailed implementation planning workshops;</p> <p>A3.3 Define transition resource plan, and PMO and dual-running requirements;</p> <p>A3.4 Define implementation and steady state KPIs;</p> <p>A3.5 Update Wellbeing Corporation Financial Case and Outcomes Framework;</p> <p>A3.6 Produce Wellbeing Corporation Programme;</p> <p>A3.7 Initiation Document (PID);</p> <p>A3.8 Sign-off Wellbeing Corporation Implementation Plan & PID with Wellbeing Corporation Programme Board.</p>
<p>Deliverables by end of stage</p> <p>D1.1 Wellbeing Corporation Scope & Pathways document;</p> <p>D1.2 Wellbeing Corporation Outcomes Framework;</p> <p>D1.3 Wellbeing Corporation Readiness Assessment;</p> <p>D1.4 Communications & Engagement plan.</p>	<p>Deliverables by end of stage</p> <p>D2.1 Wellbeing Corporation model options appraisal report;</p> <p>D2.2 Integrated Commissioning options appraisal report;</p> <p>D2.3 Wellbeing Corporation Governance Model;</p> <p>D2.4 Wellbeing Corporation Financial Case;</p> <p>D2.5 Wellbeing Corporation Enabler requirements documents.</p>	<p>Deliverables by end of stage</p> <p>D3.1 Wellbeing Corporation 5 Year Roadmap & release strategy;</p> <p>D3.2 Updated Wellbeing Corporation Financial Case & Outcomes Framework;</p> <p>D3.3 Detailed Implementation Plan;</p> <p>D3.4 Transition Resource & PMO Plan;</p> <p>D3.5 Wellbeing Corporation Project Initiation Document (PID).</p>

12.14 Costs and benefits assumptions

Area of Cost and Benefits	Assumption
Overarching	FTE savings, and additional staff requirements, are calculated as £25,000 per FTE per annum (incl. on-costs). This figure remains the same within each financial year of the business case.
	It is assumed that FTE reductions will be managed, where possible, through natural wastage, with no provision made for additional redundancy costs at this stage; and
	TUPE costs assumed to be negligible.
	All data provided by Council services, other Public Sector bodies and data that is available publicly is assumed to be accurate and a true reflection of the current state.
	Mapping of existing LCC services to the components of the new delivery model (Front Office, Professional & Support Services, LCC Direct Service Provision, Transferred Services and 'Wellbeing Corporations') has been undertaken as informed by discussions with LCC Management Team. Details of this mapping can be found in Appendices 12.5, 12.7, 12.8 and 12.11.
	For the Activity Analysis, any vacant roles within teams are assumed to have responsibilities equal to the 'average' member of staff within the team.
	VAT is excluded from all costs.
For cost and benefit purposes, Year 1 is considered to be FY 17/18.	

Area of Cost and Benefits	Assumption
Front Office	<p>Baselining of current state activity and subsequent calculations are based on Activity Analysis and volumetric data collected and provided by Council Services.</p> <p>Assume that current staffing levels are adequate to deal with current activity.</p> <p>Customer demand types are allocated a comparative level of effort according to the way in which the interaction can be handled, as derived from SOCITM data, and are used to calculate the FTE required in the future model.</p> <p>The distribution of MOSAIC geo-segmentation data is reflective of both the local population and the individuals making contact with public sector services.</p> <p>The target level of channel shift for each Service has been determined using a combination of MOSAIC analysis and comparison with leading practice across Local Authorities.</p> <p>The target level of activity to transition from Professional & Support Services to front office, and the associated economies of scale that can be achieved, has been determined using experience of Front Office transformation at other Local Authorities.</p> <p>‘Care Navigator’ roles are assumed to be new staffing roles which will handle activity not yet carried out within the Health and Social Care system.</p> <p>The staffing requirements of the ‘Care Navigator’ function within the Front Office have been estimated based on similar functions that have been designed with other Health and Social Care economies.</p> <p>Benefits realised in relation to the ‘Care Navigator’ role will be calculated as a part of the ACO business case, not the Front Office business case.</p> <p>Benefits realised in relation to a reduction in the use of paper, printing and postage will be calculated as a percentage of the total FTE benefit and has been determined using experience of Front Office transformation at other Local Authorities.</p> <p>The number and cost of in-house fostering placements, and the cost of placements with external providers, has been taken from publically available data returns from FY 2014/15. The number of placements with external providers is estimated based on the 2014/15 national ratio of in-house placements to placements with external providers.</p> <p>Benefits realised in relation to increasing the capacity and number of placements with in-house foster carers assumes static demand and is based on targets met / savings realised by other Local Authorities</p> <p>No savings or costs are assumed in relation to the closure or acquisition of buildings.</p> <p>Costs are based on relevant technology solutions that would be required to deliver the desired future state.</p> <p>Maintenance and support of existing infrastructure has not been factored into the business case nor have any assumptions been made about severing existing contracts.</p> <p>Any costs relating to the delivery of existing work that is already budgeted for, such as updates to the Council’s ICT infrastructure, are not factored into the business case.</p> <p>Any additional costs or savings relating to licensing for existing systems are not factored into the business case/</p> <p>Potential benefits that could be achieved in relation to District Councils and Unitary Authorities are not included within the business case, however a range of savings is included as narrative.</p> <p>The potential benefits have been estimated based on the estimated size of the Front Office functions of each District Council and Unitary Authority, and the potential efficiencies that can be driven by consolidation of Front Office activities and digital transformation.</p> <p>The efficiencies that could be realised within the front office for District Councils and Unitary Authorities has been based on PwC benchmarking data and our experience of Front Office Transformation.</p>
Professional and Support Services	<p>Baselining of current state activity and subsequent calculations are based on Activity Analysis provided by Council Services, outputs from the Leading Practice Analyser exercise conducted with Council stakeholders and PwC benchmarking data from other Local Authorities.</p> <p>Where a gap analysis cannot be determined for specific professional & support services processes due to a lack of Leading Practice Analyser data for LCC, the current state and target future state scores have been estimated using a combination of the outputs that are available from the LPA and PwC benchmarking data.</p> <p>The actual benefit to be realised from each individual professional & support services process is calculated by combining Gap Analysis outputs, which determine the scale of improvement that could be made, with a maximum efficiency percentage for that process.</p>

Area of Cost and Benefits	Assumption
	<p>The maximum efficiency that could be achieved from any individual professional & support services processes has been capped at 20% in line with PwC benchmarking and our experience of Back Office Transformation.</p> <p>Savings in relation to the revision of Service Level Agreements are assumed to be included within this benefits methodology.</p> <p>A process-by-process decision has been made on whether benefits will be realised as a financial saving or taken as increased efficiency to support the delivery of the transformational change that will be required in the future.</p> <p>Headcount will not be reduced within 'core' professional & support services functions, such as HR, Finance, Procurement, etc. As such, these functions were removed from consideration when calculating potential efficiencies.</p> <p>Benefits will be realised by removing activity relating to professional & support services processes that take place outside of 'core' professional & support services functions, with this activity either ceasing or being centralised into the existing function, creating 'centres of excellence'.</p> <p>A financial saving will not be assumed within the business case in relation to the professional & support services provision of LCC partners, although a range of savings is included as narrative.</p> <p>To facilitate this, the size of the professional & support services of Health Partners has been based on data contained within the 'NHS Hospital & Community Health Service (HCHS) monthly workforce statistics' dataset for August 2016. From this dataset, the professional & support services have been assumed to be equal to the Headcount / FTE of staff designated as 'NHS infrastructure support'.</p> <p>The cost of District Council and Unitary Authority professional & support services functions has been based on data collected from each Authority's statement of accounts.</p> <p>The efficiency that could be realised within the professional & support services for LCC partners has been based on PwC benchmarking data.</p>
LCC Direct Service Provision	<p>Baselining of current state service costs are based on 2016/17 budgets, as provided by Head of Service in August 2016.</p> <p>The benefit to be realised for each service area is calculated by determining whether the service will continue to be delivered by LCC and/or whether it will be delivered in its current form / to existing SLA's.</p> <p>At this stage, no assumptions have been made within the business case regarding the cessation or scaling back of service delivery for LCC directly provided services. A decision on the future delivery of these services will be required by LCC Management at a later point in time, potentially delivering additional benefits over and above those stated within this business case.</p> <p>In addition, no assumptions have been made within the business case regarding increased levels of income from further commercialisation of traded services.</p> <p>A financial saving will therefore not be assumed within the business case in relation to these services, although a range of savings is included as narrative.</p>
Transferred Services	<p>Baselining of current state service costs are based on 2016/17 budgets, as provided by Head of Service in August 2016.</p> <p>The benefit to be realised for each transferred service area, excluding waste management, is calculated by determining whether the service will continue to be delivered in the future delivery model and/or whether it will be delivered in its current form / to existing SLA's.</p> <p>At this stage, no assumptions have been made within the business case regarding the cessation or scaling back of service delivery for transferred services. A decision on the future delivery of transferred services will be required at a later point in time, potentially delivering additional benefits over and above those stated within this business case.</p> <p>Waste Management costs for LCC and local District Councils and Unitary Authorities have been benchmarked against national peers in relation to waste collection and waste disposal costs.</p> <p>Peers have been selected based on the population density within the Local Authority in order to provide as close a comparison as possible, taking into account local geography and the impact this has on the delivery of waste management services.</p> <p>The peer group selected contains 9 Local Authorities, 4 of whom have a population density lower than that of Lancashire and 5 of whom have a higher population density. This peer group contains the following Authorities (in order of pop. Density, highest to lowest): Peterborough, South Gloucestershire, Darlington, Central Bedfordshire, Bath and North East Somerset, Isle of Wight, Cheshire West and Chester, Bedford and Cheshire East.</p>

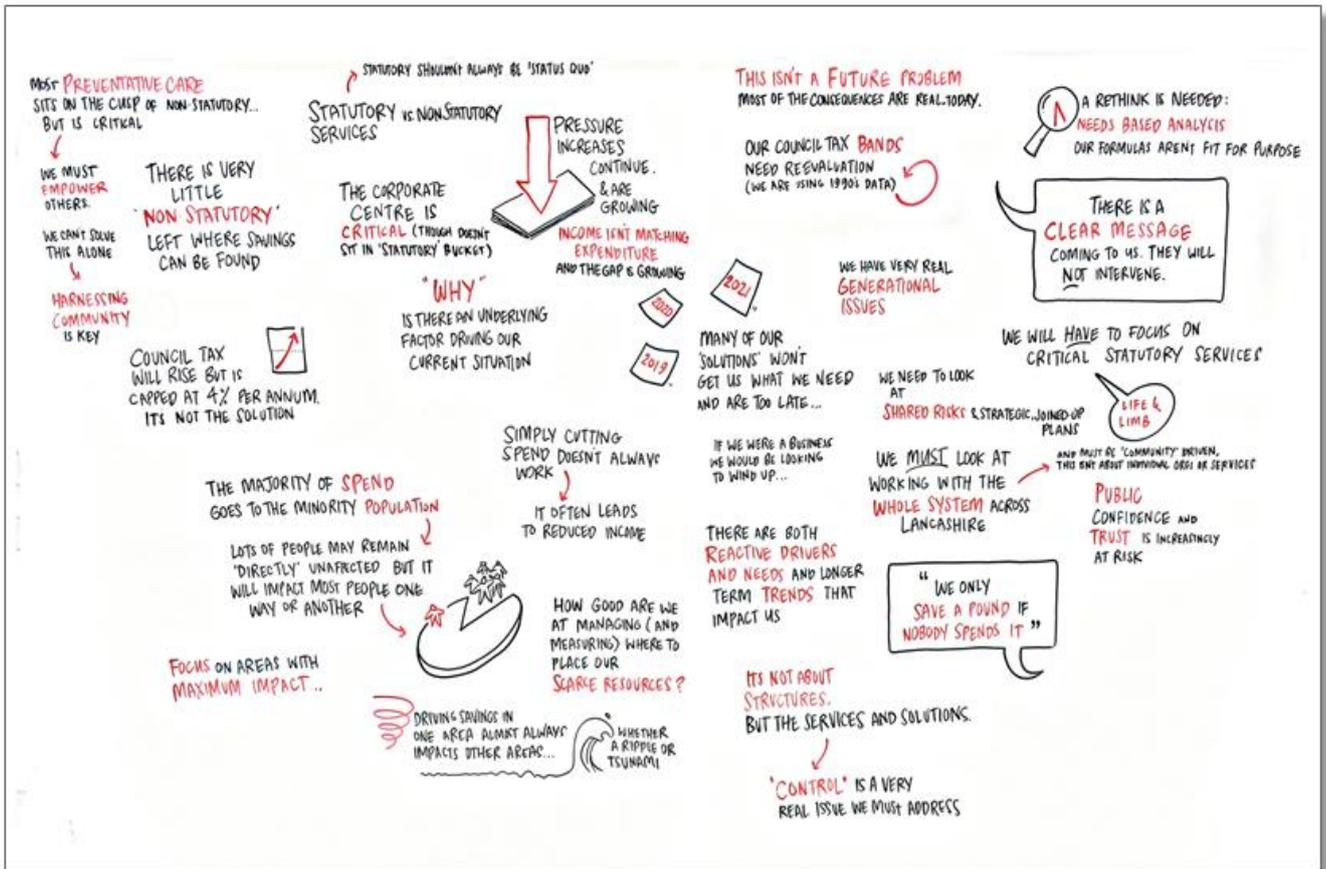
Area of Cost and Benefits	Assumption
	<p>Population estimates and population density statistics have been taken for 2015 from the Office for National Statistics: 'MYE5: Population estimates and population density for the UK, mid-2001 to mid-2015'.</p> <p>For benchmarking and comparison purposes, the cost of waste collection and waste disposal of each Local Authority is calculated per 1,000 head of population. This has been calculated using the population estimates referenced above and 2015 expenditure figures taken from the Department for Communities and Local Government Revenue Account Budget 2015-16.</p> <p>Benefits will be realised in relation to Waste Management services through consolidating waste collection and waste disposal activities to generate economies of scale and deliver savings through re-tendering a reduced number of waste contracts to the private sector.</p> <p>Benefits that could be realised by District Council's and Unitary Authorities have been included within the business case for waste management services.</p> <p>The financial benefits to be realised in relation to waste management services have been calculated by either reducing the current variation in waste collection / disposal costs or reducing the cost of waste collection / disposal per 1,000 residents based on local spend and that of benchmarked peers.</p>
Wellbeing Corporations	<p>Baselining of current state activity levels and associated spend on Acute Care services are based on the figures contained within the Memorandum lines in the STP financial template submission.</p> <p>Baseline activity levels for FY 2021/22, i.e. the final year modelled in the business case, have been projected based on 2020/21 activity levels and the growth in activity from the previous year, as stated in the STP financial template submission.</p> <p>Solution 3 within the STP financial template submission, entitled 'Roll out of integrated primary and community services providing care for physical and mental health', is assumed to relate to the costs and benefits expected to be realised through integration and accounts for the re-provision of costs from acute care to community care settings.</p> <p>Costs incurred and benefits realised through other solutions contained within the STP financial template are assumed to relate to other initiatives e.g. improved financial efficiencies, QIPP efficiencies, etc.</p> <p>The financial benefits that could be realised by further reducing acute activity are assumed to be proportionally equal to the savings realised in solution 3 of the STP financial template submission i.e. a further 1% reduction in acute activity will result in the same financial saving that a 1% saving realised in solution 3.</p> <p>It is assumed that the future workforce requirements set out in the STP financial submission are sufficient to meet the projected levels of demand and can therefore be further flexed based on additional projected changes in activity levels.</p> <p>The changes in activity forecast in the STP submission relating to integration have been benchmarked against targets set by other Health and Social Care economies, using a combination of Health and Social Care Integration business cases and STP financial submissions that PwC have supported.</p> <p>Benefits that could be realised by reducing the demand for Acute care services have been calculated by reducing the gap between the changes in activity currently forecast in the STP submission and the changes in activity identified through benchmarking.</p> <p>Baseline costs for Adult Social Care services are based on budgets and budget forecasts from FY 2016/17 to FY 2021/22, factoring in annual growth and price inflation.</p> <p>The financial savings relating to Adult Social Care services have been restricted to the 'Older People' client group, with no efficiencies assumed to existing budget forecasts for the client groups 'Learning Disability', 'PDSI' or 'Mental Health'.</p> <p>Benefits that could be realised in the delivery of Adult Social Care services have been calculated by increasing or decreasing the level of spend of care package components, e.g. Residential Home placements, Domiciliary Care, Day Care, etc., as new and existing clients are transitioned from one type of package to another e.g. step down from Residential Care to Domiciliary Care.</p> <p>The assumed changes in expenditure on care package components are based on national bodies of peer reviewed evidence and PwC experience of the scale of service users transitioning between care package components that are being realised / forecast by other Health and Social Care economies, taking into account the existing mix of Lancashire County Council expenditure on care packages.</p> <p>While medium-to-long term savings are envisaged in relation to Children's Social Care through an increased focus on early intervention and prevention initiatives, facilitated by integrated ways of working, improved access to information and the provision of enhanced business intelligence capabilities, no savings have been assumed within the 5 year timeframe of this business case.</p>

Area of Cost and Benefits	Assumption
	The redirection of existing Children's Social Care staff effort and expenditure to new initiatives will be required to facilitate these medium-to-long term benefits, however it is assumed that this will have a cost neutral impact on the Wellbeing Corporations over the 5 years of the business case.
	The financial benefits presented within the business case are in addition to those identified within the STP submission and the Council's Medium Term Financial Plan.

12.15 Uplift in future costs

	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)
Pay & Pensions	5	5	6
LCC	2	2	2
Combined Authority	0	0	0
Wellbeing Corporations	3	3	4
Price Inflation	14	16	18
LCC	1	2	2
Combined Authority	0	1	3
Wellbeing Corporations	13	13	13
Demand Pressures	16	20	22
LCC	1	1	1
Combined Authority	1	2	2
Wellbeing Corporations	14	17	19
Loss of grant	2	2	0
LCC	0	0	0
Combined Authority	0	0	0
Wellbeing Corporations	2	2	0
Other	10	8	7
LCC	0	0	0
Combined Authority	0	0	0
Wellbeing Corporations	10	8	7
Total	47	51	53

12.16 Implications of LCC's financial status for Partners



12.17 Business Capability Assessment

12.17.1 Process

How we will work – the ‘day job’

What are the implications for working practices associated with each of the proposed service delivery model changes?

Front Office

- Integration of data & information across other public sector organisations at first point of contact – common customer relationship management enabling referrals to be managed across public services and agencies; and
- Establish appropriate information flows to ensure that data and intelligence is directed to local, regional & specialist intelligence systems.

Wellbeing Corporations

- Establishing the legal process and governance arrangements for setting up the new entities to delivery across 5 footprints;
- Integration of information governance and case management;
- Systems that enable greater autonomy to meet local need;
- Changes to established processes to drive efficiency and integration to achieve economies of scale; and
- Developing common processes and practices across organisation with vastly different approaches. Significant effort will be required to create standard and integrated operating procedures.

Transferred Services

- Bringing together policy, process and working practice from a number of diverse delivery organisations into a single delivery approach.

LCC Direct Service Provision and Professional & Support Services

- Simplification and standardisation of processes within the LCC Directly Provided Services to drive efficiencies and optimise the services;
- Process standardisation within Professional & Support Services to enable a reduction in effort that is currently undertaken in frontline service delivery; and
- Development of processes that are appropriate to support a ‘shared services’ approach should the Council decide to trade its professional services across the public sector system.

12.17.2 Organisation

Organisational Impacts	
What structural implications for the future organisations need to be considered? How might the changes impact on physical location considerations? How would this impact on accountability and governance?	
Front Office	<ul style="list-style-type: none"> Expansion of the remit of the LCC Front Office to include all LCC directly provided functions.
Wellbeing Corporations	<ul style="list-style-type: none"> Ensure that operational structures reflect statutory requirements and roles; Pan public-sector location strategy to consolidate resources where appropriate, and realise savings across the public sector; Governance structures that maintain democratic accountability and the scrutiny role of local government; Review of in-house social care provision; Shared governance, risk management and accountability structures; and Integration of service delivery policies and procedures.
Transferred Services	<ul style="list-style-type: none"> LCC location strategy to ensure that directly provided services are best placed to deliver whilst enabling cost reductions for the Council; New management structures for the Combined Authority; and Structural change and new reporting lines for services transferred to the Combined Authority.
LCC Direct Service Provision and Professional & Support Services	<ul style="list-style-type: none"> Contracting with the Front Office and Professional & Support Services to ensure directly provided services are supported.

12.17.3 People

Implications for the future workforce:	
What changes to role types might be required to support the new organisations? How might the changes impact on Terms & Conditions?	
Front Office	<ul style="list-style-type: none"> Skills and knowledge development to cover a wider remit across health and social care; and Integrated learning & development structures.
Wellbeing Corporations	<ul style="list-style-type: none"> The implementation of strategic workforce planning across the whole system; Potential changes to Terms & Conditions for staff transferring into the new Wellbeing Corporations; Expansion of the remit of Elected Representatives to cover wider health outcomes; and Skills and knowledge development to cover a wider remit across health and social care. Integrated learning & development structures; Performance management to be integrated across the Wellbeing Corporations – drive multi-disciplinary working to ensure that demand is managed across health and social care; and Public consultation to engage citizens in the new proposals.
Transferred Services	<ul style="list-style-type: none"> Potential changes to Terms & Conditions for staff transferring into the new Combined Authority.
LCC Direct Service Provision and Professional & Support Services	<ul style="list-style-type: none"> Leadership development to create leaders of the future.

12.17.4 Information

Information & Data:	
How will data be shared across public sector partners? What are the performance management implications to be considered?	
Front Office	<ul style="list-style-type: none"> • Integrated knowledge management systems; and • A new performance management framework including shared outcomes, KPIs and performance measures to be developed across all services being supported.
Wellbeing Corporations	<ul style="list-style-type: none"> • Remove duplication of systems and IT infrastructure; • Alignment of performance measures and supporting data and information systems; and • Establishing data sharing protocols – integration of systems to enable seamless access to data and information to support delivery from macro to Identifiable Neighbourhood level.
Transferred Services	<ul style="list-style-type: none"> • Merging of existing data; and • Agreement of performance measures with the Combined Authority and the creation of performance management data systems.
LCC Direct Service Provision and Professional & Support Services	<ul style="list-style-type: none"> • Integration of information systems to enable data exchange with national agencies that may sit outside of Lancashire but are critical to service delivery.

12.17.5 Technology

Technology	
Front Office	<ul style="list-style-type: none"> • New integrated technology to enable strategic customer relationship management to be embedded; and • Data analytics implementation to enable data sharing and to inform demand management.
Wellbeing Corporations	<ul style="list-style-type: none"> • Access to shared systems/system integration and the sharing of data and information across public sector organisations.
Transferred Services	<ul style="list-style-type: none"> • Access to shared systems/system integration and the sharing of data and information across public sector organisations.
LCC Direct Service Provision and Professional & Support Services	<ul style="list-style-type: none"> • Access to shared systems/system integration and the sharing of data and information across public sector organisations. •



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