

## Cabinet – 6 August 2025

### Revised Transformation Strategy and Business Case

Purpose	For Decision
Classification	Public
Executive Summary	<p>Local Government Reorganisation (LGR) has fundamentally changed the context in which the council approaches transformation.</p> <p>Although the originally anticipated financial benefits of transformation may not be realised ahead of reorganisation, the core drivers for change remain strong. The transformation programme continues to deliver significant value, ensuring the council is well positioned and adequately prepared for a smooth and effective transition to the new authority.</p> <p>This paper considers the impact on the approved Business Case and provides clarity over our strategic objectives in this new context through a revised transformation strategy.</p>
<b>Recommendation(s)</b>	<b>That Cabinet recommend to Council:</b> <b>1. The noting of the revised business case position and</b> <b>2. The approval of the revised transformation strategy</b>
Reasons for recommendation(s)	<p>A key element of the corporate plan is the underpinning theme of the transformation strategy, Future New Forest.</p> <p>This now needs to be considered through the new lens of Local Government Reorganisation to ensure delivery is focussed on activities and investment that will provide the greatest benefits to enable the organisation to transition to the new authority. The recommendations support this revised position.</p>

Ward(s)	All
Portfolio Holder(s)	Councillor Jill Cleary – Leader
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## Introduction and background

1. The Future New Forest Transformation Strategy was approved by Cabinet in December 2023 and set the scene for a transformed council to meet customer needs, protect our finances, be an employer of choice and embed sustainability to meet the aims and objectives of the Corporate Plan 2024-2028, in the context of significant challenges facing local government.
2. These objectives, whilst still relevant, now need to be considered through a new lens of Local Government Reorganisation (LGR). This will ensure that what we are delivering not only positions the organisation and its employees well for future arrangements, it will also have lasting benefits for our residents in improving how they interact with their local council, providing a consistent and easy experience that meets their needs.
3. There remains a clear responsibility to continue delivering high-quality services to our residents in the medium term. The Corporate Plan continues to shape and guide our ambitions, reflecting our commitment to serving communities both now and into the future. Modernisation plays a crucial role in this ongoing legacy, ensuring we are not only meeting current needs but also laying the groundwork for a new organisation that must provide efficient, effective services centred around the needs of the people who rely on them.
4. This is highlighted by the Secretary of State’s guidance for proposals for unitary local government which clearly sets out an expectation of efficiency savings and planning for future service transformation opportunities.

*“Efficiencies should be identified to help improve councils’ finances and make sure that council taxpayers are getting the best possible value for their money.” and*

*“Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.”*

5. To ensure a successful transition to new arrangements under LGR, additional preparation and coordination will be essential. There is an opportunity to deliver this through the current programme management approach and align with Future New Forest, using both existing and emerging skills within the transformation team and across the wider organisation. Establishing a programme management office (PMO) will be key to coordinating this effort, enabling the delivery of priority projects and activities in alignment with both transformation goals and the strategic priorities of LGR, while supporting the governance arrangements now being established.
6. It is appropriate in this new context that we revise the original strategic objectives, provide clarity around what is now in scope for delivery and what is no longer feasible. The revised strategy at Appendix 1 sets out this future approach.
7. It is also appropriate within this report to revisit the August 2024 Business Case, given that the financial benefits assumed will no longer be deliverable.

### **Revised transformation strategy**

8. The revised *Transformation Strategy (2025 Update)*, presented in Appendix 1, evaluates the original transformation drivers in light of the implications of LGR. It subsequently updates the strategic objectives to reflect this new context.
9. The strategy also redefines the scope of transformation activities, identifying those that remain within scope and excluding those no longer feasible or practical under the LGR framework. While not an exhaustive list, this provides a high-level overview of the revised programme scope. Correspondingly, the delivery roadmap outlines the principal activities to be undertaken within this updated scope.

10. Most critically, these revisions recalibrate the strategic direction of the transformation programme, ensuring closer alignment with LGR preparedness. This provides the organisation with greater clarity regarding its priorities and areas of focus over the next two to three years.
11. While the strategy places less emphasis on the immediate realisation of financial benefits, it remains firmly focused on delivering a range of substantial non-financial outcomes that are critical to the long-term success and resilience of services provided to New Forest residents. These include:
  - Enhancing customer outcomes - by designing services that are more responsive, accessible, and tailored to the needs of our communities.
  - Increasing organisational capacity - through smarter ways of working, streamlined processes and better use of data and technology.
  - Fostering a high-performance culture - that empowers teams, drives continuous improvement, and encourages accountability at all levels.
  - Developing staff skills and capabilities - to build a confident, agile workforce ready to meet current and future challenges.
  - Promoting environmental sustainability - by rethinking how services are delivered to reduce carbon emissions and minimise environmental impact.
  - Strengthening cross-organisational collaboration - by breaking down silos and encouraging integrated working across services and with partners.
  - Improving adaptability and readiness for change - ensuring the organisation can respond effectively to future challenges, including the transition to the new authority.
  - Positioning the council - as a modern, agile organisation, equipped to thrive in a rapidly changing public sector landscape and deliver lasting benefits for residents.
12. These non-financial benefits are essential to achieve over the coming years, as they will play a critical role in modernising the organisation and positioning it to capitalise on future opportunities. The transition to LGR will necessitate substantial transformation plans for the new unitary authority, and the foundations established through this strategy will be instrumental in supporting their successful implementation.

## **Revised Business Case**

13. The original Business Cases were approved by Cabinet on 7 August 2024 and comprised two separate elements; Customer & Digital Services (including organisational design) and the ATC accommodation works.
14. The Customer & Digital Services (including Organisational Design) Business Case was developed following the adoption of the original Transformation Strategy. It enabled the implementation of the transformation programme by setting out a clear future organisational design for the council to leverage new technology, service and process redesign as well as looking at how some teams were structured to improve customer experience and the

efficiency and effectiveness of the organisation. Organisational design is the structures, processes and roles needed to achieve the organisation's objectives.

15. The ATC Business Case considered options to exploit the commercial opportunities of Appletree Court and make better use of the currently underutilised office accommodation.
16. The ATC Business Case and associated works are not now being progressed considering the uncertainties of LGR (Cabinet 5 February 2025, Asset Maintenance and Replacement Programme and General Fund Capital Programme 2025/26) however, it is appropriate to revisit the Business Case for Customer & Digital Services (including organisational design).

### **Original proposal (Organisational design model BV2)**

17. The agreed organisation design model (BV2) intended to move the organisation from a service led position with services adopting their own technology and processes, largely in isolation, to a more cross cutting enterprise approach with similar technology and processes used across the entire organisation, bringing about standardisation and maximising efficiencies. The existing service led model resulted in inconsistency in customer experience and technology depending on which service was being used, with phone and email being the main communication channels and multiple email addresses and phone numbers available to customers.
18. In brief the preferred option B(v2) for the target future organisational design included:
  - Enterprise technology capabilities applied to all services i.e. a single view of the customer through one CRM (Customer Relationship Management) and customer portal, customer contact management and master data management.
  - A single customers services team, dealing with most enquiries for some services and smaller subsets for others.
  - Aggregated business support functions into three teams aligned to universal, supported and place services.
  - Leaving case management and specialist activities largely unchanged.
19. Significant changes to roles have been deliberately excluded from the current strategy, as the anticipated long-term benefits are unlikely to be realised within the timeframe of the LGR. In addition, maintaining workforce stability is a key priority in the lead-up to reorganisation. To this end, efforts are being made to minimise disruption by avoiding structural changes to teams, roles, or job descriptions. It is also recognised that the successful delivery of LGR will require additional capacity, and existing resources may be redeployed as necessary to meet emerging demands. Furthermore, dedicated resources will be required to support the increased workload and capacity pressures associated with LGR implementation.

20. A new approach is advocated, supported by the revised strategic direction, that continues to invest in modern technology that will give us a leading edge in a new organisation and support our employees to better transition with the skills and customer focussed approach that will be sought after. This will not be defined by a specific organisation design model but we will continue to adopt the principle of applying enterprise technology capabilities across all services to enable a single view of the customer through one 'front door' enabled by a CRM (Customer Relationship Management) and customer portal, customer contact management and master data management.
21. Additionally legacy systems will require replacing irrespective of transformation to ensure continued service delivery and manage risk. This includes the current procurement of a Housing Maintenance system and replacement of the Planning and Regulatory Services software. In terms of the latter, procurement has been paused to allow time to align the solution with neighbouring authorities. However, a replacement system will be necessary ahead of any new arrangements being established.

## **Financial position**

22. The nature of the Business Case was to focus on the costs and financial benefits of the programme due to the fact the programme had a significant financial target to deliver. The decision has since been taken to remove transformation savings from the budget (Cabinet 19 February, Medium Term Financial Plan and Annual Budget 2025/26) and the Medium-Term Financial Plan (MTFP) is not reliant on transformation savings at this point in time with a balanced budget produced for 2025/26 and predicted for 2026/27. Budgetary gaps arising thereafter are anticipated to be met through fees and charges growth and budget equalisation reserves.
23. Financial benefits of the Business Case included estimated process efficiency benefits and benefits associated with remodelling and leadership and management benefits achievable. Whilst the process analysis did show the potential to realise some small non-staff budget savings, for example through reduced printing and distribution costs, the majority of financial benefits from process efficiencies, remodelling and leadership and management were likely to be realised through workforce reductions.
24. It also identified other strategies to meet the financial target including:
  - Being more ambitious in targeting and realising process and channel efficiencies, for example by pushing harder for automation or closing more expensive customer channels.
  - Increasing the revenue received from assets, for example by rationalising the amount of office space used by council teams and renting spare space to tenants.
  - Using the spend analysis outlined in section to guide a conversation with members around strategic reductions of services, aligned with corporate priorities.

25. The timescales for LGR now mean that these strategies cannot now realistically be deployed although the programme remains ambitious to improve efficiencies, release capacity where appropriate and deliver the important non-financial benefits.

## Costs

26. Original costs to deliver the Customer & Digital Business Case were based on estimated 'one-off costs' and 'recurring costs' and modelled over a two-year period with a number of assumptions on staffing, the use of cloud-based technology and dual running costs were appropriate to maintain old and new systems for a period of time if not avoidable.
27. The original costs for Option B(v2), excluding contingency, were:

Project	Total one off	Net recurring
Contact centre	£24,000	£34,000
CRM*	£314,000	£233,000
Digital data platform	£150,000	£30,000
Digital housing maintenance system*	£230,000	£27,000
Locata data warehouse	£5,000	£2,000
Planning and regulatory services system*	£586,000	£25,000
Programme delivery resources	£780,000	
Revenues and benefits	£20,000	£55,000
<b>Grand Total</b>	<b>£2,109,000</b>	<b>£406,000</b>

\* These projects will need to be funded irrespective of transformation, due to the current systems approaching end of life.

28. The Business Case assumed that no cashable benefits would be realised until year three with Option B(v2) projected to break even mid-way through year five.
29. It is important to note that £816k of one-off investment and £52k of additional revenue costs included in the Business Case are for replacement housing, planning and regulatory services systems which would be the subject of funding requests even if the council was not considering a transformation programme. This can now be extended to the CRM replacement as the supplier has given notice that the existing system will no longer be supported.
30. A contingency sum of up to £600k was also agreed to cover potential outplacement costs and any unplanned programme costs for example support from a transformation partner to support specific capacity needs and expertise and outplacement support.
31. The original total one-off funding requirement (including contingency) was £2,709,000 with a resultant estimated net annual financial benefit (saving) of £854,000.

## Revised costs

32. The approved Business Case related budget for 2025/26 and forecast budget for 2026/27, including one-off and recurring costs is set out below:

One off Project Costs	2025/26 Budget	2026/27 Budget	TOTAL		
Contact Centre	24,000	0	24,000		
CRM*	207,000	107,000	314,000		
Digital Data Platform	75,000	75,000	150,000		
Digital Housing Maintenance System*	165,000	65,000	230,000		
Locata Data Warehouse	5,000	0	5,000		
Planning and Regulatory Services System*	293,000	293,000	586,000		
Programme Delivery Resources	390,000	390,000	780,000		
Revenues and Benefits	20,000	0	20,000		
<b>One Off Total Costs</b>	<b>1,179,000</b>	<b>930,000</b>	<b>2,109,000</b>		
Year 1 Recurring Costs (Allocated across financial years)	2025/26 Budget	2026/27 Budget	TOTAL	Projected Savings	Net Recurring Costs
Contact Centre	32,000	32,000	64,000	-30,000	34,000
CRM*	183,000	183,000	366,000	-133,000	233,000
Digital Data Platform	15,000	15,000	30,000	0	30,000
Digital Housing Maintenance System*	30,000	30,000	60,000	-33,000	27,000
Locata Data Warehouse	1,000	1,000	2,000	0	2,000
Planning and Regulatory Services System*	40,000	40,000	80,000	-55,000	25,000
Programme Delivery Resources	0	0	0	0	0
Revenues and Benefits	27,000	27,000	54,000	0	54,000
<b>Recurring Total Costs</b>	<b>328,000</b>	<b>328,000</b>	<b>656,000</b>	<b>-251,000</b>	<b>405,000</b>
<b>TOTAL</b>	<b>1,507,000</b>	<b>1,258,000</b>	<b>2,765,000</b>		

33. As outlined in this report and the accompanying revised strategy, there remains a strong and well-substantiated rationale for continuing the current investment in digital transformation. It is appropriate that this is supported by dedicated organisational development resources to effectively guide the organisation through a period of significant change. Additionally, appropriate service backfill is essential to ensure that the benefits of technological advancements are fully realised and operational capacity is maintained.

34. The three principal digital transformation projects currently underway include:

- the implementation of a new Customer Relationship Management (CRM) and Customer Platform,
- the replacement of the Housing Maintenance system, and
- the replacement of the existing Regulatory Services software.

While there is an option to defer or forgo the replacement of one or more of these systems in light of LGR, this would carry considerable risk. The legacy nature of the current systems poses a threat to the continuity and quality of service delivery. Moreover, failure to modernise these systems would leave the organisation in a transitional state, inadequately preparing both the organisation and its workforce for integration into a new future structure.

35. The ICT work programme provides for an annual investment of £625,000, amounting to £1.25 million over two years and is being utilised to partially offset the overall funding requirement for the transformation programme.

## Corporate plan priorities

36. Future New Forest underpins the delivery of the corporate plan priorities, influencing how we operate and enabling us to support our strategic objectives through efficient and effective working practices centred around our customers, being an employer of choice and being financially responsible. This continues to be the case through the revised Transformation Strategy presented at Appendix 1.

## Options appraisal

37. The following table considers alternative options with a recommendation for Option 1 to proceed with the programme as set out in the revised strategy and within this report.

Option	Description	Strategic Impact	Risks & Limitations	Overall Assessment
Option 1: Proceed with the revised transformation programme as recommended	Deliver the revised programme, including key system replacements, organisational development support, and transformation team capacity.	- Positions the council to transition smoothly into LGR- Improves customer outcomes, staff capability, and service resilience- Aligns with corporate plan and digital investment roadmap	- Requires sustained investment and leadership focus- Ongoing change demands on staff and teams	Recommended – This option supports critical improvements while securing organisational readiness for reorganisation and beyond. The only option that delivers long-term value and stability.
Option 2: Continue with original strategy and business case	Deliver the programme as originally designed, including key system replacements, structure and role changes and transformation/ OD team capacity	- Improves customer outcomes, staff capability, and service resilience- Aligns with corporate plan and digital investment roadmap. Return on investment not possible given timescales	- Requires sustained investment and leadership focus- Ongoing change demands on staff and teams – Structure and role changes require significant resource, create uncertainty and have potential to destabilise teams	High risk - This option supports critical improvements but places additional uncertainty on staff and directs resources at short term activities that will not generate longer term benefits. Creates significant risk to LGR preparedness and delivery of priorities.

Option 3: Deliver only the minimum system upgrades (CRM, housing, planning)	Replace systems reaching end-of-life but pause wider transformation activities including OD and service redesign.	- Addresses immediate technical risks- Some minimal service continuity protected	- No capacity to support staff through change- No preparation for LGR transition- Fails to realise organisational or customer benefits- Risk of service fragmentation and disengagement	Not viable – Addresses only the symptoms, not the root causes. Creates significant risk to LGR readiness and long-term service performance.
Option 4: Defer transformation until after LGR is complete	Halt all transformation activity and wait for the new authority to lead any future change.	- Reduces immediate expenditure- Shifts accountability to future structure	- Abandons current momentum and staff engagement- Delays essential improvements- Leaves legacy systems and processes vulnerable- Reputation risk for failing to prepare proactively	High risk – This passive approach would leave the council unprepared for the demands of LGR and risks major disruption during transition. Not a responsible course of action.
Option 5: Suspend the programme	Withdraw all transformation activity and reallocate remaining funds elsewhere.	- Frees up financial resources in the short term	- Fails to modernise services- Staff morale and engagement likely to fall- No preparation for LGR- Reputational damage- Long-term costs likely to increase due to inefficiency and failure demand	Strategically unsound – This option offers no sustainable path forward. It would leave the council ill-equipped to serve residents or adapt to forthcoming change.

### Consultation undertaken

38. This paper has been informed by the review of priorities (Cabinet 2 April 2025, Corporate Peer Challenge Report and Action Plan, Appendix 3) and consultation with EMT, the Transformation Board, the Member Steering

Board and has been considered by the Resources and Transformation Panel.

### **Financial and resource implications**

39. Although budget provision for the continued delivery of the programme has been approved the return on investment is no longer viable. Costs and financial considerations are considered within the report.

### **Legal implications**

40. Not applicable.

### **Risk assessment**

41. Risks associated with the options available are considered at point 37 within the options appraisal section of this report.

### **Environmental / Climate and nature implications**

42. The revised Transformation Strategy continues to support the council's environmental ambitions and the national and local targets to reduce emissions are unchanged by LGR.

### **Equalities implications**

43. There are no equalities implications arising directly from this report, however delivery of the revised strategy and modernisation of technology will impact our customers and employees. Changes to processes and service delivery will be subject to Equalities Impact Assessments and informed by user testing.

### **Crime and disorder implications**

44. Not applicable.

### **Data protection / Information governance / ICT implications**

45. None arising directly from this report. Changes impacting the collection and use of personal data will be appropriately assessed and taken under advisement of the Council's Information Governance team.

### **New Forest National Park / Cranborne Chase National Landscape implications**

46. Not applicable.

### **Conclusion**

47. Analysis of the available options makes clear that continuing with the revised transformation programme is not only the most strategic course of action, but also essential. The programme represents a critical enabler for

delivering improved services, supporting our people through change, and preparing the council for LGR.

48. Alternative options may appear to reduce short-term costs but would expose the council to significant operational, financial, and reputational risks. Delaying or scaling back transformation would compromise the Council's ability to deliver on corporate priorities, undermine staff and resident confidence, and leave the council underprepared for the demands of transition to a new authority.
49. The recommended option delivers the strongest alignment with the council's strategic direction, offers the greatest long-term value, and ensures momentum is maintained at a time when readiness and resilience are more important than ever.

**Appendices:**

Appendix 1 – Transformation Strategy  
(2025 update)

**Background Papers:**

Transformation Strategy – Cabinet 6  
December 2023  
Transformation Business Case  
(Customer & Digital) – Cabinet 7  
August 2024