

Meeting: Audit Committee
Date: 10th January 2024
Classification: Part 1
Key Decision: No
Title of Report: **Transformation**

Executive Director: Claire Shuter (Executive Director, Strategy and Change)
Report Author: Tony Wisken (Director, Transformation)
Executive Councillor: Cllr Tony Cox

1. Executive Summary

- 1.1. Southend City Council continues to be under considerable financial pressure and transformative change will be required to ensure the sustainability of the organisation. Focus, in the near term, has shifted to addressing current financial pressures, however, to assure Southend for the longer term, more rigour and coherent senior level oversight of the transformation agenda is required.

2. Recommendations

- 2.1. **That the Audit Committee notes the content of this report which outlines the need for transformation, the oversight mechanisms required and being established, the approach to developing the transformation delivery plans (including resourcing), as well as the associated risks and opportunities.**

3. Background

- 3.1. Southend City Council needs to transform the way in which services are delivered to become a modern and sustainable council. With a concerning forecast budget gap in 2023/24, the Council must change and modernise to maximise the output and impact for residents, from the constrained resources that are available. There is an immediate need to focus on savings to balance the 2023/24 and 2024/25 budgets.
- 3.2. Southend, like many other local authorities, is facing increased demand for services and therefore needs to do more with similar income levels. This, at present, is causing an excess of expenditure compared to income. In this

context the Council needs to be financially sustainable for the future, whilst delivering the right services at the appropriate level of quality.

- 3.3. Demand for services continues to increase and the inflation pressures / cost-of-living crisis are the latest in a series of events which have impacted the financial sustainability of local public services. Covid-19 perhaps had the biggest impact for many residents, including their expectations of the way that they access and receive services from Councils.
- 3.4. Southend City Council is still relatively 'traditional' in its mode of service delivery and there is opportunity to digitalise and streamline, apply early interventions, and prevention methodologies to build more sustainable solutions.
- 3.5. Recent attempts at a cross-organisational transformation at the Council have, for a mixture of reasons been unsuccessful. Currently, there does not exist a single coherent Transformation Programme. However, there are pockets of transformation activities underway across the organisation, most notably within ICT, which has a well-developed programme to overcome the technical debt built up over a period of under investment, that will position the organisation for the coming years.
- 3.6. Grant Thornton was engaged in September 2022 and provided a 'Transformation Blueprint' in January 2023. Whilst some elements of this work were taken forward, this did not lead to a coherent programme of delivery for Southend City Council.
- 3.7. A transformation partner, Ernst and Young (EY), was appointed in August to undertake a fourteen-week period of review to advance thinking around transformation and help develop strategy. This, in part, built on some of the work delivered by Grant Thornton. However due to the imminent financial challenges, the Council requested that this work be 'pivoted' to develop cost-saving ideas and to focus on; Estate Optimisation, Demand Management in Adults & Children, Front Door Redesign, Procurement / Commissioning / Contract Management & Shared Services. Once EY completed the initial collation of ideas, ongoing management of the cost-saving ideas has been taken over by the Strategy and Change directorate.
- 3.8. Whilst the immediate focus of transformation is to balance the near-term budget challenge, a far more extensive and challenging approach, based on experience in other local authorities, is required to ensure a sustainable organisation in the longer term. This approach will need to question current ways of working which are embedded in the culture, explore different ways to achieve the same goals while forming clear As-Is and To-Be views and outlining efficiency and effectiveness to be gained, is required. Service re-design is a necessity to support this process.
- 3.9. The original Transformation Board that was established in March 2023, was considered not 'fit for purpose'. The board lacked the breadth of oversight and appropriate senior level ownership to govern the necessary transformation at the Council including the prioritisation of initiatives and available resources.

3.10. A new Transformation Board, led by the Corporate Leadership Team with support from key Directors was established in November 2023. It's terms of reference includes oversight of a newly developed Transformation Programme, identification, prioritisation, and approval of transformation initiatives that align to the Corporate Strategy, and remediation of initiatives considered to be at risk. The standing agenda for Transformation Board includes:

- I. **Headline Commentary**, summarising the overall transformation position and demonstrating where we are and where we are going.
- II. **Savings Delivery Risk Assessment**, robustly tracking the progress against cost-savings to balance the budget, with an expectation that any planned savings that cannot be delivered will have mitigating proposals submitted for approval.
- III. **Headline Plans**, showing the key workstreams, their major milestones and associated status.
- IV. **Risks and Issues**, that may or are impacting transformation, with mitigating or remediating actions.
- V. **Pending Demand / Business Cases**. These will support the Board in making decisions about where to apply available resources and ensure a balanced portfolio of change is maintained, i.e., not overloading any part of the organisation.
- VI. **Good News**. It is important to recognise and celebrate success.

3.11. The first Transformation Board supported the following recommendations:

- The establishment of Corporate Project Management Office. This had previously been agreed, but not yet put in place.
- Centralisation, where appropriate, of Project Management resources from across the organisation. This will allow for common standards, improved delivery and oversight, prioritisation of resource, and potentially cost savings.
- Although one-off transformation funding has been set aside, recognising that transformation is a continuum, these team and governance arrangements should be established on a permanent basis.

3.12. The new role of Transformation Director has been appointed to, with effect from 18th September 2023 and is currently holding a dual role – Transformation (under Strategy and Change) and Communities, Culture & Tourism services (under Adults and Communities). There are currently no other resources directly focussed on the overall organisation transformation. However, CLT have recently agreed the recruitment of a Lead PMO, Programme Manager and Project Support Officer to support the development of the programme.

3.13. Six design principles for transformation were developed by the Council's Senior Leadership Network with support from Ernst and Young. The principles guide activity to ensure any change initiatives across services align to the following:

- **Resident Centric:** We will be resident centric, putting residents at the heart of everything we do and focusing on the experience of residents across all services. This is to ensure the best possible services for Southend-on-Sea residents, making sure their needs are met.
- **Efficient & Effective:** Working in ways that are streamlined, preventative, optimise resources, and prioritise the right things at the right times, providing the right results. This is to ensure staff are enabled to work in a proactive and productive manner, and that residents receive smooth and streamlined services.
- **Inclusive:** Promoting a positive culture within the Council and outside of it, accommodating the needs of all and creating a sense of true acceptance. This is to ensure there are no unspoken boundaries, and that everyone has equal opportunity and sense of belonging, regardless of who they are.
- **Evidence-Based Decisions:** We will make decisions based on reliable data and evidence to ensure the best possible outcome for residents and the Council. This is to ensure residents receive the best services, and staff are empowered by decisions backed by good and reliable evidence.
- **Digitally Enabled:** Digital by default, we will reduce our manual tasks and processes to optimise how we work and deliver services. This is to enable each service to utilise resources optimally and effectively to meet residents and staff needs.
- **Commercially Viable:** We will ensure that the Council is financially viable and sustainable for the future, taking a commercial approach and running as efficiently as possible to drive value for money whilst maintaining future viability and longevity.

4. Reasons for Decisions

- 4.1. As described above, the necessary team structures, governance and professional Project / Change Management processes are required to ensure the success of the Transformation Programme. These recommendations align with industry best practice, LGA advice and the experience of other successful local authorities.

5. Other Options

- 5.1. N/A

6. Financial Implications

- 6.1. As described, without the appropriate resourcing, team structure and governance the necessary organisational transformation is unlikely to be successful. This will have consequences for the longer-term sustainability of the organisation.

7. Legal Implications

- 7.1. Whilst the content of this report has no direct legal implications, the Transformation Programme, and its initiatives within, will all be considered for their individual legal implications.

8. Policy Context

- 8.1. N/A.

9. Carbon Impact

- 9.1. The recommendation regarding transformation, team structures and governance do not have a direct carbon impact themselves. It is however anticipated that many transformation initiatives will require consideration of any potential carbon impact and remediating actions or alternatives.

10. Equalities


- 10.1. The recommendation regarding transformation, team structures and governance do not have a direct equality impact themselves. It is however anticipated that many transformation initiatives will require Equality Impact Assessments as part of their formal Project governance.

11. Consultation

- 11.1. Not required.

12. Appendices

12.1. Transformation Board Terms of Reference

Terms of Reference			
Purpose The 'Transformation Board' plays a critical role in driving transformational change in Southend City Council (SCC), initially focussing on the necessary cost savings to deliver a balanced budget. By providing guidance, support, and oversight, the board ensures that Transformation Projects are aligned with the SCC's strategic objectives and are delivered in a coordinated, efficient and effective manner, and at pace.		Key Members <ul style="list-style-type: none"> • Rob Tinlin. • Joe Chesterton. • Mark Harvey. • Michael Marks. • Alan Richards. • Claire Shuter. 	
Responsibilities / Objectives The Transformation Board will: <ol style="list-style-type: none"> 1. Monitor progress against savings / transformational projects, reporting on progress to the CLT and Members, and demonstrate SCC is moving at pace to deliver a balanced budget with the available resources. 2. Assist in the identification and monitoring of escalated risks / issues and support proposed mitigation strategies. 3. Develop and communicate SCC's transformation strategy. 4. Ensure that projects are, and remain, aligned to SCC's strategic objectives, incl. delivery at the required pace. 5. Ensure that the best corporate wide solutions are identified / delivered, that provide the most benefits. 6. Identify and prioritise projects, approving business cases as necessary, that support cost savings and strategic objectives. 7. Resolve contention for organisation resources, ensuring a balanced portfolio that is aligned with the organisation's values and culture. 8. Provide oversight and guidance to delivery teams, ensuring that they have the resources and support they need. 		Supporting Officers <ul style="list-style-type: none"> • Pete Bates. • Carol Thomas. • Tony Wisken. • Project Support Officer. 	
Scheduling / Governance <ul style="list-style-type: none"> • Held every four weeks. • Quorum: Five members. Reference Materials <ul style="list-style-type: none"> • Corporate Plan. • Savings 'master' plans. 		Inputs / Core Agenda <ul style="list-style-type: none"> • Actions from previous meeting. • Financial Delivery Risk Assessment. • Key initiatives 'plan on a page' and status. • Escalated Risks and Issues. • Pending demand. • Business Cases and Change Controls for approval. • Good news stories. 	
		Outputs <ul style="list-style-type: none"> • Actions. • Decisions, incl. investment recommendations. • Agreed, or otherwise, business cases. • Prioritised projects / programmes. • Change Control (approved or otherwise). 	
		Key Partners <ul style="list-style-type: none"> • Southend and Essex partners. • Local Government Association. • Department for Education. • Ofsted. • Care Quality Commission. • NHS • Arts Council England. 	
28			

13. Report Authorisation

This report has been approved for publication by:		
Role	Name:	Date:
S151 Officer	Joe Chesterton	12-Dec-2023
Monitoring Officer	Kim Sawyer	15-Dec-2023
Executive Director	Claire Shuter	15-Dec-2023
Relevant Cabinet Member(s)	Cllr Tony Cox	18-Dec-2023