

OPEN

Corporate Policy Committee

21 March 2024

Cheshire East Approach to Transformation

Report of: Rob Polkinghorne – Chief Executive

Report Reference No: CP/76/23-24

All Wards are Affected.

Purpose of Report

This report sets out the proposed transformational approach the Council will take to deliver the Cheshire East Council Plan, support the Medium-Term Financial Strategy (MTFS) budget savings of £100m over the next 4 years, and implement the overarching Policy and Strategy Framework, with an emphasis on Digital Assurance and Performance Management.

Executive Summary

- 1 The report sets out a high-level ambition of the transformation programme along with the required resource both from a capacity and capability point of view that will be needed to effectively deliver the programme.
- 2 The transformation programme will facilitate deeper and broader service redesign, supported where appropriate by the investment in enhanced digital capabilities, which will be required to contribute to the savings required for the next 5 years from 2024/25 to 2028/29 as set out in the MTFS. The primary objectives being:
 - (i) Support the Council to address the 4-year funding gap of £100m as outlined in the MTFS.
 - (ii) Invest in digital technologies to enable services to adopt technology for various activities and processes, thus enabling the Council to fully leverage technological opportunities to accelerate its processes.

(iii) Develop an organisational workforce that is flexible ensuring all staff have the necessary skills to work effectively within a transformed Council.

- 3 The financial situation of the council means that it has no option but to transform the way it delivers its services, the requirement for a transformation programme has been established through the approval of the MTFs, the S151 officers' section 25 report and through the conditions that need to be met as part of the Exceptional financial support from DLUHC (Department for Levelling Up, Housing and Communities).
- 4 The report also highlights and brings to members attention several initiatives that whilst not strictly part of the future facing transformation programme are an integral element in the preparation for it.

RECOMMENDATIONS

1. To approve the transformation approach for the council.
2. Delegate to the Chief Executive, in consultation with the Chair & Vice Chair, authority to take all necessary steps to implement a whole organisation transformation programme as outlined in sections 11-19, 24-30 of this report.
3. To provide committee and all member briefings on progress against key milestones of the programme.
4. To note the S151 officers' section 25 report that states that the Council must transform to create sustainable services.
5. To note the acceptance of the Exceptional Financial Support and recognise the conditions of that support, namely a transformation plan to be provided to DLUHC by August 2024
6. To note the acceptance of a LGA (Local Government Association) grant by the Chief Executive and Chief Financial Officer in accordance with the rules on Supplementary Revenue Estimates set out within the Councils constitution.
7. To note the progress to date on the formation of the transformation programme by the Chief Executive and approve the procurement of Phase 1 and Phase 2 required to facilitate the programme.
8. To note the progress of the other work activities that are underway that are needed in support of the transformation programme which

include the Decision-Making Accountability work and the LGA's Corporate Peer Challenge review.

Background Information

- 5 The ability of the Council to meet its fiscal challenges is a product of the functioning of the whole Council. It is therefore important to review the functioning of the Council as an effective organisation and the efficacy of the Council in delivering services.
- 6 The Council is embarking on an ambitious transformation programme to strengthen and improve public outcomes, create an organisation that can adapt to changing priorities in an agile way, be fit for the future, deliver the Cheshire East Council Plan, and achieve the MTFS budget savings.
- 7 The primary aim in the short term must be to ensure that the Council is financially stable, it will achieve this by being the best, most effective and efficient organisation it possibly can be, to achieve this the Authority needs to be:
 - (i) Reprioritising to create an opportunity to invest in critical areas but also disinvest from areas.
 - (ii) Delivering Customer engagement and experience through using technology to streamline service delivery enabling self-service available 24/7 whilst ensuring specialised support and guidance is given to those that need it.
 - (iii) Achieving value for money in, and across all services, by reducing manual, repetitive tasks through automation of systems and processes.
 - (iv) Reviewing organisational structures and operating models to maximise performance and outcomes.
 - (v) Developing the right skills and behaviours across the entire workforce to achieve high productivity and a culture that is more inclusive and shaped by revised set of values and behaviours that builds from the Brighter Futures Programme work.
 - (vi) Achieving financial targets through the effective implementation of well informed and clear decisions informed by data and insight.

- (vii) Developing the Asset Management Plan to align it to service requirements and dispose of surplus assets. Which in turn can be used to fund transformational activities.
 - (viii) A genuinely great place to work for every member and employee of the council, with opportunities for progression.
- 8 The Council has committed to undertaking a LGA Corporate Peer Challenge, part of which will be a review based on the LGA's Transformation Capability Framework, this will assess the organisations' ability to manage and drive change and we will be allocated a maturity assessment base on a scale of 1 (Tactical) to 5 (Optimised).
 - (a) A self-assessment was undertaken in January this year against the LGA Transformation framework in preparation of the formal review commencing on the 25 March.
 - (b) The initial findings were that the Council would score towards the top end of 1 (Tactical) with some pockets in level 2 (Defined) and level 3 (Integrated)
 - (c) The outcome of the LGA peer review will be the production of an improvement plan and make recommendations on the key steps the council will need to take to further enhance its capability around transformation.
- 9 The case for change has been set, through the adoption of the Councils MTFS ([Cheshire East Budget](#)) and through the obligations of DLUHC to access the 'Exceptional Financial Support', which is explained below within the finance section of this report.
- 10 Over the past 18 months Adults, Health and Integration, Children's Services and the Place Directorate have all been undertaking bespoke, service specific programmes of improvement, change and transformation. Place has reviewed and developed a targeted programme of change in Planning. A full review of Library Services and Leisure Services has been undertaken and proposals brought forward for potential re-commissioning and re-configuration and Housing Services are currently restructuring.
- 11 Whilst each of these standalone programmes will individually deliver efficiencies and improve outcomes, we are missing opportunities to identify those changes that will deliver the greatest benefit, ensure we adopt consistent approaches to change, deploy time and resource

appropriately and so ensure that we prioritise the actions that will make the biggest difference and deliver savings and change most quickly.

- 12 The first stage of the transformation process will enable us to identify those opportunities that offer the greatest value and the resource that will be required to implement those changes. Additional support will be required across all services to support the change process and implement new ways of working, particularly if this is to happen at the pace required to ensure financial stability in the short-term as well as over the longer-term.
- 13 The Council will instigate the transformation programme as soon as possible. There is not sufficient capacity within the organisation to enable this and the council will procure a delivery partner, to support the transformation in the short to medium term.
- 14 The delivery partner would be procured in two distinct but related phases:
 - (a) Phase 1: 3-6 months

Outputs

- Providing dedicated resource to support phase 1 including the undertaking of benchmarking services against comparator authorities.
 - Examination of all service areas to identify areas for improvement, including deep dive reviews into those areas that will provide the greatest opportunity for driving efficiency including the introduction of zero-based budgets.
 - A workforce development strategy for the transformation programme that looks at the required capacity and capability within the organisation including the implementation of cross cutting reporting.
 - A whole organisation transformation programme with clear outputs that can be presented to DLUHC by August 24
- (b) Phase 2: 6-36 months- Whole organisation transformation programme

A programme that is clear on how the Council's vision, outcomes, and measures are in line with the Cheshire East Council Plan, along with timelines and key deliverables that are required for a transformed Authority that goes out to 2027. This is to include key service design principles, with every service to undertake a whole systems redesign, incorporating a fundamental review of systems and processes.

- 15 It is proposed that the Council's transformation will be monitored and facilitated by the transformation board which in turn will be supported by the various management delivery boards all of which will have a clear term of reference, chaired, and sponsored by a member of Corporate Leadership Team (CLT) with the Chief Executive chairing the brighter futures cultural programme, the details of these boards are subject to a separate report.
- 16 The transformation programme will also require internal capacity to:
- (i) Function as a single point of contact for any delivery partner and ensure they are delivering the required products and meeting the agreed milestones.
 - (ii) Co-ordinate existing programmes to ensure they are integrated into the whole organisation transformation programme.
 - (iii) That any reporting tools are appropriate and consistent with revised organisational reporting tools.
 - (iv) Ensure that the future work programme is realistic and achievable.

Reasons for Recommendations

- 17 The Council must ensure that it fulfils its statutory duties in relation to the approved budget set by council on the 27th February, the only way to do this is by changing systems and process to achieve the stated savings published within the MTFS.
- 18 A transformation programme is a key requirement that has been stipulated by DLUHC to access the exceptional financial support and must be provided to them within six months of acceptance of the letter from DLUHC which was sent on 29th February.
- 19 The transformation programme, needed to help address the financial deficit, will focus on the elements highlighted in the background section of this report.
- 20 The Council will need to consider as part of any transformation programme, how the organisation should run at a future point in time when the transformation from the 'As-Is' state to the 'To-Be' has been achieved, the basic parameters that need to be considered are:
- (i) The value proposition of what we offer, including Key Performance Indicators (KPIs)

- (ii) The target client(s), customer(s), and resident(s) that the model is looking to address.
- (iii) Relations with key stakeholders including the motivations to work in partnership.
- (iv) The structure of the organisation to ensure that the core capabilities are in place to deliver.
- (v) Configuration of activities and services and how we deliver systems through the use and adoption of technology.
- (vi) The overall cost and core financial Structure

- 21 It should be recognised that the transformation programme is in addition to the already established in year spend controls such as CEBERT (CE Budget Emergency Response Team) and the Spending Review Board, it is essential that these are embedded and continue, to ensure that the business-as-usual activities have the appropriate level of controls in place.
- 22 Furthermore, the High-Level Business Cases (HLBC) must be an integral part of the transformation programme moving forward, these will ensure that the activities already identified as part of the MTFS are achieved.

Other Options Considered

- 23 The Council, to achieve the required savings identified within the MTFS must transform how it currently delivers its services, there is not an option to do nothing, the only viable option to enact the transformation programme as quickly as possible is to bring in additional capacity and expertise.

Option	Impact	Risk
Do nothing	The council would not meet the conditions for Exceptional Financial Support. There would be no access to the capitalisation of revenue expenditure that was required to manage in-year financial risks.	Insufficient funding to fulfil statutory requirements of the council. This could lead to unlawful activity that required the

	Without the change required to create sustainable finances the council may be unable to fulfil its statutory obligations.	issue of a s114 report.
Transformation, resourced in house	Reduced costs associated with procurement of a delivery partner, development, and ownership within existing resource.	Insufficient capacity and/or capability to deliver the transformation programme resulting in the required level of savings not being achieved.
Transformation resourced completely externally	Rapid deployment of resources to achieve savings, up-front cost required and ongoing costs.	This option is not sustainable in the long term
Hybrid of Externally support for phase 1 whilst gearing up the organisation to undertake the wider transformation programme (Phase 2)	Addresses short term need around capacity and capability, Achieves the required savings and builds capacity for the future.	That insufficient internal capability can be identified and reprioritised.

Implications and Comments

Monitoring Officer/Legal

The council will need to procure an appropriate delivery partner in line with the contractual and procurement regulations of the council.

There are no further direct legal implications of this report, the legal implications will be considered on a case-by-case basis of the individual activities.

Section 151 Officer/Finance

- 24 The council has set a balanced budget for 2024/25 the section 25 report of the section 151 officer stated:
- The Council must transform to create sustainable services and support infrastructure projects that reflect 'whole life' costs. This must cover the medium to long term and be backed by reserves that can manage any emerging risks.
 - It is highly likely that the Council will require additional capacity to manage this programme, in a way that is yet to be determined, but it will inevitably require additional funding, which will need to be met from within existing resource.
- 25 The Council has received a grant award from the LGA for £100,000 to support the transformation programme. The Chief Executive has approved the Supplementary Estimate for this funding in accordance with the constitution. This is welcome recognition from the LGA of the importance of the Council's need to transform. But further funding will be needed for this programme of activity, especially whilst the Council is managing capacity shortfalls in important parts of the organisation.
- 26 Phase 1 will require further virement from reserves, which could be as much as £350,000. In compliance with the constitution this is within the scheme of delegation of the Chief Finance Officer in consultation with the Relevant Member of CLT, which in this case would be the Chief Executive.
- 27 It should be noted that any external partner will be required to identify savings that far exceed the above figure and a Return on Investment (ROI) of some were between 3:1 and 5:1 would be expected.
- 28 The council has received confirmation from DLUHC that they are minded to approve the Council's request for exceptional financial support. However, there are several conditions that will need to be met prior to formal approval, in summary the council must:
- Undergo an external assurance review on the Council's financial position and financial management policies, and the Council's work to improve its productivity and efficiency.
 - Produce an improvement and transformation programme within six months (August 24) that is focused on delivering the Council's key objectives and securing the medium-term financial position.
 - The programme should incorporate any recommendations identified as part of the external review.

Human Resources

- 29 It is important to recognise when an organisation embarks on transformation of this scale, it can either have a positive or negative impact on culture depending on the approaches taken therefore, it is critical that the transformation programme builds on the brighter futures work which is already embedded into the organisation and this alongside the decision-making accountability work will help to stabilise the organisation, ensuring that there is buy in from all levels of the organisation and contribute to the success of the overall programme.

Policy

- 30 The principle and themes of the Transformation programme are aligned with the Council's vision, priorities and values as outlined in the Corporate Plan 2021-2025.
- 31 The Transformation programme seeks to directly support the aims of being An Open and enabling organisation, A Council which empowers and cares about people, working together with residents and partners, and A thriving and sustainable place.

An open and enabling organisation. (Include which aim and priority)	A council which empowers and cares about people (Include which aim and priority)	A thriving and sustainable place (Include which aim and priority)
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Equality, Diversity, and Inclusion

- 32 The fundamental principles underpinning the need to transform have equality, diversity, and inclusion as a golden thread at the heart of all plans for change.
- 33 At all stages of transformation, consideration is given to the Public Sector Equality Duty under s.149 of the Equality Act 2010 and it is recognised that we must remove or minimise disadvantage and take steps to meet the needs of persons sharing protected all protected characteristics such as a disability or age.
- 34 The duty also provides that public authorities must encourage persons with a protected characteristic to participate and influence where participation and engagement by such persons is disproportionately low.

- 35 The previous periods of public service change have impacted disproportionately across communities. At times, those stakeholders and residents who have the greatest needs have lost out relative to others. The Transformation programme has an aim to improve the experience of all customers when interacting with the Council and will seek to ensure that the Council recognises and addresses individual needs and/or barriers to accessing services now and in the future, TO-BE state.
- 36 It is expected that an Equality Impact Assessments will be completed at key stages of the Transformation programme and will ensure that the impacts of change, on both internal and external stakeholders, will form an essential part of decision making.

Risk Management

- 37 The councils Strategic Risk Register cites A red risks associated with the organisations ability to transform:
- **SR08: Ability to Achieve Organisation Change:** The council is unable to achieve organisational change due to a lack of resources and capacity to focus on transformation as people focus on the delivery of business as usual. Recently received advice from government commissioners advised that organisational change capacity is a key ingredient to support the council in delivering transformation to achieve medium to long term change that will support achievement of savings and also, in the event of a section 114 notice being issued, organisational change capacity is also essential to deliver necessary actions arising from interventions.
- 38 The council showed during the COVID-19 pandemic that as an organisation we can adopt different techniques for driving change. The organisation delivered at pace during this time, due to adopting a more positive risk-taking framework and to deliver the transformation programme we need to redefine the overall risk appetite of the organisation.

Rural Communities

- 39 Any impact on rural communities will be considered as part of the transformation programme.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 40 In Children's Services significant work reviewing SEND services has been undertaken in conjunction with the Department of Education to

identify what change is required to ensure long-term financial affordability and sustainability of services for the council.

- 41 Also, a broader programme of service transformation under the banner of the Together Strategy – a 4-year programme to excellence is part of the MTF5 to ensure we are doing different for less with further integration and practice improvement.
- 42 Adults, Health, and Integration have reviewed social work practice and commissioned care services. Through targeted activities they are supporting more people to stay in their own homes where that is the most cost-effective option, supporting more people to train to work in social care services, and developing business cases to build new accommodation so that people are able to have the right home for each stage of their lives. The department is also adopting new tools to support the development of pricing strategies and negotiating approaches for commissioned services.

Public Health

- 43 A key consideration of the transformation programme must be on addressing the large difference in residents' health across the borough, this will involve the Council working with partners to improve health outcomes.
- 44 Health improvements will only be made by embedding public health considerations across all local authority functions where appropriate.

Climate Change

- 45 The transformation programme will focus on all aspects of the council's plan, this must include the activities that are required to achieve carbon neutrality by 2027.

Access to Information	
Contact Officer:	Chris Allman – Head of Neighbourhood Services Christopher.allman@cheshireeast.gov.uk
Appendices:	None
Background Papers:	None