



POLICY AND RESOURCES SCRUTINY COMMITTEE – 27TH JUNE 2023

SUBJECT: MOBILISING TEAM CAERPHILLY

REPORT BY: CORPORATE DIRECTOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To seek Scrutiny Committee support to access additional external capability from time to time to ensure the successful delivery of the Council's Team Caerphilly Transformation Programme.

2. SUMMARY

- 2.1 As part of the 2023/24 Budget Proposals Report approved by Council on 23 February 2023, Members were made aware of the unprecedented financial pressures that the Council is facing over the coming two financial years.
- 2.2 Taking into consideration the high levels of inflation, the current economic outlook, and the range of temporary budget measures proposed for the 2023/24 financial year, the Council will need to identify potential savings of £48.335m for the two-year period 2024/25 to 2025/26.
- 2.3 The use of the term unprecedented is a clear indication of the challenge facing the Council not just in terms of the size of the savings that need to be made, but also the pace with which those savings need to be delivered.
- 2.4 A financial strategy that seeks to continuously salami slice our services and deplete our reserves is clearly not a sustainable approach, especially when the demands upon those services are far higher than ever and as our communities continue to present far greater and increasingly complex needs to us.
- 2.5 The Council has been successful over the past ten years or so at driving out cost savings and has done so to the tune of over £100m. It will not be possible, however, for the Council to deliver savings of half that scale in a fifth of the timeframe while seeking to protect existing core services, without the need to bring in some additional support.

- 2.6 It is worth noting that the Council is structured and resourced to deliver only its core services. Even though successful recruitment practices in the last twelve months have seen a net gain of around 200, does not change this fact.
- 2.7 The size and scale of the transformation challenge we are now facing means that without additional support beyond the agreed establishment, the Council will ultimately need to make some stark choices about what it will deliver and what it will need to switch off.
- 2.8 Being able to call upon additional temporary capacity or specific skills, innovation, capabilities and approaches from time to time, will enable core services to be maintained while also implementing the necessary change to ensure those services remain sustainable over the long term.
- 2.9 This report sets out two immediate asks for additional support but there will be others over time. The first is linked to the Council's Support Services Review and the second is aimed at building and enhancing the capability, skills, innovation and approaches necessary to drive the underpinning Service Reviews.
- 2.10 These two specific pieces of work will be delivered by two separate organisations who will work with the Council for between six and twelve weeks to help us build at pace an explicit programme of change.
- 2.11 The programme will be designed to drive out significant costs over the coming two years and will be shared with Council in the Autumn. The one-off costs associated with the work will be met from the Council's existing Invest to Save Reserve.

3. RECOMMENDATIONS

- 3.1 That the Policy and Resources Scrutiny Committee:
- 1) Note the content of the report on the next steps of the transformation process and the need for additional resources to be engaged in various aspects of the programme
 - 2) Consider the specific proposals to engage specific external support set out in 5.28 and 5.29-5.34

And, should the Scrutiny Committee be minded, recommend to Cabinet:

- 3) Their support for the proposals
- 4) That £221k of the current balance of £862k on the Council's Invest to Save Reserve be used to fund the specific external support set out in 5.28 and 5.29-5.34, with the residual balance of £641k being repurposed to provide additional one-off support to the ongoing transformation programme
- 5) That delegated authority on the use of the Invest to Save Reserve residual balance of £641k be granted to the Chief Executive in consultation with the Leader, relevant Cabinet Member and Section 151 Officer.
- 6) That the outcome and findings of the external support be shared with a meeting of all Scrutiny Committees in the Autumn

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Policy and Resources Scrutiny Committee is being asked to consider and offer a view on two specific proposals to procure fixed term external support for the Council's transformation programme prior to the onward submission of the report to Cabinet.

5. THE REPORT

Context

- 5.1 The Council must reduce its operating costs by around £48m over the next two financial years. As part of this work, the Council's Senior Leadership Team have been attempting to refocus the Team Caerphilly Transformation Programme.
- 5.2 The approach, which was set out within the 2023/24 Budget Proposals Report to full Council on 23 February 2023, distils down the Transformation Programme to three distinct elements with a view to maximising impact and prioritising collective efforts. These three elements are set out below:

5.3 Corporate Reviews

These are whole authority, wide ranging reviews that are designed to transform the way the Council operates, reduce operating expenditure and ultimately improve the customer experience. They are as follows:

- Agile Review – Increasing workplace flexibility and reducing the cost of our building portfolio
- Support Services Review – Understanding and developing the most effective configuration of Support Services
- Customer Journey Review – Enhancing the physical (face to face) and virtual (online and telephony) customer experience of engaging the Council
- Demand Management Review – How can the Council and its partners seek to mitigate the rising demand on Health and Social Care
- Commercialisation – What can the Council do to drive up levels of income and offset other areas of spend

Underpinning all of these significant reviews will be the principles of centralisation, rationalisation, standardisation and automation.

- 5.4 Each member of Corporate Management Team will be responsible for leading a Corporate Review and, while the reviews are separate, there are significant overlaps and interconnections between them that will require strong Portfolio and Programme Management arrangements to be in place.

5.5 Service Reviews

The second of the elements is a set of Service Reviews that will each be led by one or more Heads of Service. Heads of Service have been meeting as a collective over the last three months with a view to identifying and prioritising a set of reviews that they can take forward. Again, these reviews will seek to transform services, reduce costs and improve the customer experience, but will likely be cross service or team rather than whole organisation.

5.6 These reviews are currently being developed by Leadership Team with challenge and support having been provided to date on an ad-hoc basis by an external provider. Leadership Team are looking to identify and develop business cases in support of a number of impactful reviews that will ultimately support a reduction in the Council's operating costs.

5.7 **PlaceShaping Programme**

The third element of the Transformation Programme is the Council's PlaceShaping Programme. PlaceShaping is an integrated capital investment programme, that is using circa £30m of Council funding to lever in significant additional investment with the impact spanning the county borough. This will improve the economic, environmental and social prosperity of our county borough and the communities within it. Some of the current examples include:

- New Secondary, Primary and Welsh Medium schools provision with integrated leisure, library and community use.
- New strategic leisure facility located at Caerphilly
- New build passive social housing, creating new communities.
- Repurposing existing Council assets into community hubs, providing one-stop shop access to the Council and wider public services.
- Integrated public service hub with health and education.
- New Centre for Vulnerable Learners
- New Respite Centre
- A469 Troedrhifwuch strategic highway improvement
- New bus/rail transport interchange.
- New enhanced tourism destination at Cwmcarn forest drive
- Improved trains and more frequent rail travel along the Rhymney Valley line.
- New active travel cycle provision across the county borough.
- New market and wider town centre regeneration.
- Enhancement of recycling centres.

The specialist nature of these capital works often requires the Council to procure external specialist resources to support various aspects of delivery.

5.8 The size and scale of the Transformation Programme set out above gives an insight into the breadth of Programmes and Projects that the Council is currently attempting to progress. These are a combination of internally focused change programmes as well as the external physical transformation of the County Borough.

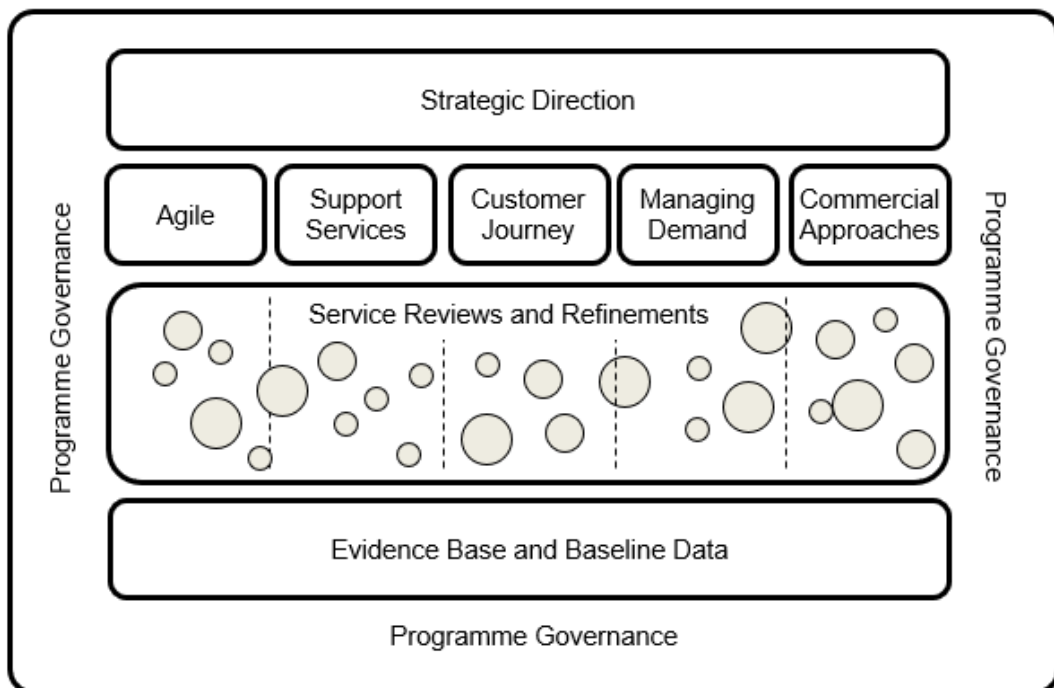
5.9 Beyond the internal and Borough wide transformation referenced above, the Council is also seeking to drive down costs while maintaining services across every aspect of its business. These 'service refinements' are being developed and led by Heads of Service in consultation with relevant Corporate Directors with a view to providing further recurring savings over the coming years.

5.10 Aside from the collective effort being put into the transformation programme, the Council continues to deliver core services to its 180,000 residents. The need for, and expectations of, these services are much higher now than they were pre pandemic. The Council has also had to introduce and resource additional services in that time such as Caerphilly Cares and the Ukrainian and Refugee Resettlement response.

- 5.11 With resources stretched, the Council's ability to save £48m, transform its core services and deliver its transformation programme will clearly need to be bolstered by some additional external resource from time to time.
- 5.12 Sometimes this additional resource will relate to meeting a short-term need for additional capacity and sometimes it will relate to the need to access specific skills and capabilities to complement internal resources that are simply not currently available within the Council.
- 5.13 It is proposed that the Council makes use of its Invest to Save Reserve, which currently has a balance of £862k to support the acquisition of the necessary resources and additional support.
- 5.14 Delegated authority is also being sought that enables decisions to be made on the use of the Reserve by the Chief Executive in consultation with the Leader, relevant Cabinet Member and Section 151 Officer.
- 5.15 All such decisions will be made in accordance with the Council's Standing Orders and Financial Regulations.

The Programme

- 5.16 With so much transformation work being planned and delivered over the next few years, it is important that it is extremely well organised and managed. Conceptually, this is the transformation ecosystem that is being developed:



- 5.17 The five Corporate Reviews set out in the model and previously described, aim to transform and modernise the organisation as a whole. Moving forward the Council will need less buildings; will need to ensure support services are delivered as efficiently and effectively as possible; will provide improved customer experiences; better manage its demand and develop its overall commercial acumen.

- 5.18 The Councils Agile Review is well underway, and the associated policies, practices, buildings and approaches are being redesigned to support these new ways of working. The use of Ty Penallta as a core hub for Council staff and a reduction in external estate has been previously agreed by Cabinet and works have begun.
- 5.19 The Council's approach to commercialisation is also developing with a Transformation Manager (Commercial) now in post and a number of projects and ideas being developed for forthcoming consideration.
- 5.20 The Corporate Reviews that cover Support Services, Managing Demand and the Customer Journey, however, are less well developed and will benefit from some specific external support over the coming months. If this proves possible, the Reviews can be developed at sufficient pace and scale to provide the necessary confidence in their eventual impact.
- 5.21 The Service Reviews and Service Refinements will collectively seek to reduce operating costs over time and should also improve the processes and services that the Council provides to its customers.
- 5.22 At present, there are a multitude of suggested projects and ideas in this space that are being developed in to costed business cases. These business cases will ultimately need to be prioritised, programmed, resourced and supported. Some of this developmental work has already been supported on an ad-hoc basis through additional external capability. This has proven extremely beneficial in terms of defining the art of the possible and providing a high level of challenge in relation to existing practice and approaches.
- 5.23 Driven by the principles of centralisation, rationalisation, standardisation, automation and digital first and managed through a new portfolio and programme management office, this work will ultimately help deliver the necessary transformation at pace and scale and with a high degree of visibility in terms of overall progress.
- 5.24 With Member support for the proposals set out within this report, the Council should, by the Autumn, have a well defined transformation programme that includes a prioritised set of projects underpinned by a range of comprehensive business cases, supported by the necessary evidence to give Council the confidence to support implementation.
- 5.25 In a nutshell, the Council will have an established set of proposals that set out:
- what changes we intend to implement and by when
 - how the customer will be impacted
 - what resources will be required to deliver the change
 - how much the change will cost
 - how much money the change will ultimately save
- 5.26 To get there, however, we will need some additional support and this ask is set out below:
- 5.27 Proposal 1 – Mobilising Team Caerphilly
- The Council would like to access three months of dedicated support from an external provider. The organisation the Council would like to engage have been assisting the Leadership Team in this guise over the last couple of months but on an ad-hoc basis.

The company are a Welsh SME with proven capability in digital strategy, innovation, delivery and communications and with over 15 years of hands-on digital transformation experience. The company has extensive public sector experience and with a reputation for delivery, pace, strategic thinking and hands on support and experience.

5.28 The specific support being sought from is designed around the following four pillars:

5.28.1 Programme Mobilisation and Definition

To help Caerphilly:

- Develop a change portfolio
- Create and support the implementation of a change control approach
- Identify potential costs and benefits of each proposed change
- Understand the 'effort' to deliver that change
- Create a high-level understanding of people and service impacts in the context of the political and organisational landscape
- Create a governance approach that supports transparency and manages risk and delivery
- Develop a road map to delivery of £48m including timelines and dependencies

5.28.2 Creating the Environment to Succeed

To help Caerphilly:

- Develop an agreed strategic narrative through a series of workshops with the leadership team and members
- Design a communications campaign to support the programme, including an approach to working in the open and ensuring visibility
- Design an approach to engage on the 'Top 50' ideas developed
- Create an approach to engaging members and staff with the change

5.28.3 Team Leadership, Coaching and Support

To facilitate team sessions to:

- Establish the current position
- Identify opportunities for change
- Understand skills and capability gaps
- Create an action plan

5.28.4 Portfolio Management and Project Delivery

To help Caerphilly to:

- Develop and embed a Portfolio office management including governance, reporting, risk, assurance and benefits management
- Oversee individual project delivery
- Ensure Skills transfer to CCBC staff for onward management

5.29 Proposal 2 – Baseline Assessment

In order to specifically support the Support Services Corporate Review and to help provide the evidence base for a wide range of other change projects, the Council wishes to undertake a detailed baseline analysis of its resources and the time and effort currently being deployed in support of the Council's different functions.

5.30 This baseline assessment looks at the organisation through a broad range of lenses and will help us address a number of questions:

- Strategy:

Is there alignment between key strategic documents?

Is there a clear direction of travel which is embedded across the organisation?

- Service user interaction and engagement:

Is it easy for people to contact and engage with the council?

Are local communities actively listened to?

- Outcome delivery:

Are service offers tailored to local profiles and needs?

Is there clear measurement of how effective support is?

- Capabilities and enablers:

Are ways of working aligned to our future vision?

Are enabling functions, e.g. HR, Finance, IT, effective?

Is data, insight and technology used to enable the organisation?

- Governance and leadership:

How effective is leadership and governance across the organisation?

Are organisational structures, including spans and layers, effective?

- Financial sustainability:

What is the MTFP and associated targets?

Are income generation and service change options maximised?

5.31 The baseline analysis will be supported by a rapid six week activity analysis that will take place across the Council as a whole. The analysis will identify any areas of possible duplication, over and under resourcing, chances to streamline our approaches, areas where the application of technology could free up capacity as well as providing the opportunity to compare and contrast our current structures and approaches to those of other organisations, sectors and against industry standards.

5.32 Ultimately, the Council will have a detailed assessment of the Full Time Equivalent effort being deployed across all 37 areas of its business. This will provide the evidence base for the ensuing Support Services review that will consider how the organisation can best deploy such services to deliver high quality, professional services at the lowest possible cost.

- 5.33 The Council has identified a provider that can carry out this work. The provider has previous experience of leading this specific analysis across a number of other Local Authorities within Gwent, as well as across Wales and the wider UK.
- 5.34 The work would take six weeks from start to finish and would ensure that any proposals for change developing over the next three months can be based on actual evidence of the current resource expenditure as well as the opportunities to drive savings while sustaining service delivery.
- 5.35 The Council currently has a balance of £862k in its Invest to Save Reserve. It is proposed that this external support be procured using a portion of that reserve with the aim being to reduce Council spend in these areas while maintaining services.

5.36 **Conclusion**

The Council is facing a period of significant change as it bids to modernise its approaches to service delivery and meet the unprecedented financial challenges it needs to overcome in the next two years. The emphasis at this point is on ensuring the Council has sufficient resources at its disposal to meet this change at the necessary pace and scale.

- 5.37 This can be done, either by accepting that from time to time additional resources will need to be engaged to assist our efforts or, by collectively agreeing which groups of resources can be redeployed, trained and focused on the transformation effort. The latter will of course require significant aspects of core service delivery over extended periods.
- 5.38 The resource available within the Council's Invest to Save Reserve provides an ideal budget from which external support, as and when required, can be funded. With members support to dedicate this reserve to transformation efforts and to recognise the need and benefits of adding external resource and capability to our efforts, the Council will give itself the best chance of meeting the challenges ahead.

6. ASSUMPTIONS

- 6.1 None.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 No Integrated Impact Assessment is required for this report as it simply seeking support from Scrutiny to bring in some additional external resources to assist the Council in further developing its already agreed Transformation Programme.

8. FINANCIAL IMPLICATIONS

- 8.1 The proposed cost of funding the three month engagement set out in 5.28 is £126k.
- 8.2 The proposed cost of funding the six week baseline activity analysis set out in 5.29-5.34 is circa £95k
- 8.3 It is proposed that the cost of funding both proposals will be met from the Council's Invest to Save Reserve which currently has a balance of £862k, which would leave a residual balance of £641k

8.4 It is also proposed that delegated authority on the use of the Invest to Save Reserve residual balance of £641k be granted to the Chief Executive in consultation with the Leader, relevant Cabinet Member and Section 151 Officer.

8.5 All spend will be subject to the Councils Standing Orders and Financial Regulations

9. PERSONNEL IMPLICATIONS

9.1 There will be no specific personnel implications related to supporting these proposals but there will be opportunities for skills transfer into the organisation as a result of their delivery.

10. CONSULTATIONS

10.1 The consultees set out in the list below have received a copy of the draft report and all feedback has been included in the content of the report.

10.2 The report has also been shared with Opposition Group Leaders and our Trade Union colleagues from UNISON, GMB and UNITE.

11. STATUTORY POWER

11.1 Local Government Act 1998 and 2003

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Dave Street, Deputy Chief Executive,
Mark S Williams, Corporate Director Economy and Environment
Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer,
Lynne Donovan, Head of People Services,
Stephen Harris, Head of Financial Services and S151 Officer
Liz Lucas, Head of Customer and Digital Services
Sue Richards, Head of Transformation
Cllr Sean Morgan, Leader of the Council
Cllr Jamie Pritchard, Deputy Leader of the Council and Cabinet Member for Prosperity, Regeneration and Climate Change
Cllr Eluned Stenner, Cabinet Member for Finance and Performance
Cllr Nigel George, Cabinet Member for Corporate Services, Property and Highways
Cllr Carol Andrews, Cabinet Member for Education and Communities
Cllr Shayne Cook, Cabinet Member for Housing
Cllr Chris Morgan, Cabinet Member for Waste, Leisure and Green Spaces
Cllr Phillipa Leonard, Cabinet Member for Planning and Public Protection
Cllr Elaine Forehead, Cabinet Member for Social Care
Cllr Gary Johnson Chair of the Policy and Resources Scrutiny Committee