

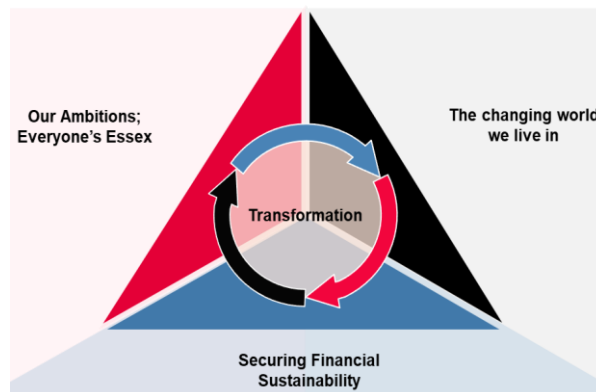
Forward Plan reference number: FP/278/10/23

Report title: Whole Council Transformation	
Report to: Cabinet	
Report author: Councillor Kevin Bentley, Leader of the Council	
Date: 19 December 2023	For: Decision
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 Essex County Council (ECC) is ambitious and by 2030, it aims to be one of the most forward looking, effective and financially sustainable Councils in the country. To bring this vision to life we have set out our intent in the Whole Council Transformation (WCT) Strategy and Deployment.
- 1.2 WCT is guided explicitly by Everyone's Essex as the articulation of our ambition for the people, places, and businesses of Essex. Alongside this ambition though we are facing two other strategic drivers in the form of growing financial challenges as well as an increasingly changing world we live in.
- 1.3 The financial challenges of the local government sector are well documented and ECC will not escape these challenges. It is anticipated that the gap between budget and planned expenditure will exceed £150m by 2026/27. WCT commits to contributing to address this.
- 1.4 'The changing world we live in' is the third of the strategic drivers which are influencing our need for a 'Whole Council' approach to Transformation. The rate of change, locally, nationally, and globally is accelerating and it is essential that ECC responds to continue to serve our citizens.

Figure 1: Factors driving the need for Whole Council Transformation



- 1.5 It is our commitment to consider these three strategic drivers in balance that requires us to implement the Whole Council Transformation, where we will work together for the best outcomes in Essex. In this paper we seek agreement to mobilise WCT programme as outlined in the WCT Strategy and Deploying the WCT Strategy.

2 Recommendations

- 2.1 Adopt the Whole Council Transformation Strategy (in the form at Appendix A) and Deploying the WCT Strategy (in the form at Appendix B).
- 2.2 Agree to the draw down from the Transformation Reserve of £1.6m across financial years 2023/24 to 2025/26 to mobilise the Strategy and delivery of the first phase of the WCT Programme (up to 2025), which will include:
 - 2.2.1 Development of initiatives linked to the next major milestone of April 2025 (Transition State 2)
 - 2.2.2 Dedicated work to address £100m (by 2028) transformation savings target
 - 2.2.3 Initiation of work to embed the Conditions for Success
 - 2.2.4 Design of an effective operating model to support transformation (including transformation governance, measurement of outcomes), in conjunction with the Support Services Programme
 - 2.2.5 Specialist capacity and capability for portfolio mobilisation.
- 2.3 Agree that procurement of one or more transformation partners will be needed to bring capacity, capability, and specialist skills to support with the phase two of WCT, at an estimated cost of £1m to £2m.
- 2.4 Agree that a further report be brought to the Chancellor for Essex and Cabinet Member with responsibility for Finance with respect to how the transformation partner(s) will be procured.

3 Background and Proposal

- 3.1 ECC has a long history of delivering transformational change. Since 2008, successive waves of transformation activity have enabled the council to deliver effective services for residents, secure positive outcomes for communities, and save in excess of £750m for the taxpayer.
- 3.2 However, now facing unprecedented levels of demand on our services along with increasing pressures to deliver agreed services within constrained funding, and a changing world, Essex must respond to three strategic drivers simultaneously:

1. Delivering commitments to residents outlined in Everyone's Essex
 2. Securing Financial Sustainability
 3. Responding to the changing world we live in.
- 3.3 Focussing on all three strategic drivers (as set out in 3.2 above) simultaneously requires a balanced approach with ECC pulling together in "Whole Council Transformation". Even with our experience and track record, we have recognised that we need to push the boundaries about how we operate, both within ECC and in greater Essex. We need to be mindful about ensuring we use our limited resources, both financial and people, in the most effective way across all elements of change. We must operate with cohesive leadership to make the inevitable trade-off decisions that will arise and we must proactively manage the high levels of uncertainty and associated levels of risk; establishing a unified direction, continuously setting and evaluating priorities, and aligning on outcomes that are demonstrated at appropriate milestones throughout the journey.
- 3.4 ECC commenced transformation shaping work in November 2022, with the support of a transformation partner. Between November 2022 and November 2023, we have worked across every function in the council to identify the opportunities for transformation in the coming years. Funding drawdowns totalling £1.6m from the Transformation Reserve, were approved to fund programme shaping work including definition of in-scope initiatives, aligned to outcomes and grouped into optimal delivery portfolios for the first phase of transformation.
- 3.5 The WCT will be a single Transformation Programme to ensure both strategic alignment and efficient use of finite resources. Change professionals and leaders will be provided with the skills and tools to make this happen.
- 3.6 The programme will be articulated in Transition States which guide and structure our Whole Council Transformation journey. They will be aligned to the electoral and business planning cycles. Six Delivery Portfolios will bring together the delivery of projects to create a force multiplying effect:
- | | |
|------------------------------------|--|
| 1. Strong Foundations | Strengthen family resilience and stability including vulnerable groups |
| 2. Independent Adults | Adults maintaining an independent and fulfilled life as possible |
| 3. Community Resilience | Education to support Essex residents to lead a healthy lifestyle |
| 4. Modern Digital Council | A leading-edge digital council that drives excellent customer service, on a greener smaller ECC estate |
| 5. Effective Organisation | Foundation for a forward looking effective and resilient organisation |
| 6. High Quality Environment | Net zero Essex minimising waste, modernising transport and considering aesthetics of place |

- 3.7 A seventh Delivery Portfolio may be used depending on separate decisions relating to devolution in Essex.
- 3.8 Our decisions will be based on evidence and data and expected benefits will be high impact, measurable and aligned to political priorities. Ensuring we place equal emphasis on long term prevention and on solving the here and now.
- 3.9 We will be open to new ideas and will explore them quickly and thoughtfully, including seeking innovation and best practice from within the whole organisation as well as further afield, including Universities and sectors similar and different to our own. We will take active decisions about slowing down, speeding up or ceasing projects to maximise delivery.
- 3.10 We will embrace digital opportunities increasingly as we secure our technological foundations.
- 3.11 We will support all employees to engage with the ambition of WCT and build the optimistic collaborative culture of ECC.
- 3.12 WCT will fundamentally change how change itself is planned for and managed, including collective political and officer discussion on the priorities of the Council as a whole. It is important that we start this journey well. Therefore, mobilisation will mean progressing delivery, at the same time as shaping the future stages of change, as well as developing our capabilities and conditions for success. The mobilisation period will:
 - 3.12.1 **Establish Commitment and Leadership:** The WCT programme will have clear and effective sponsorship at the highest level. Our Executive Directors will own the delivery portfolios, convening expertise as needed to ensure our initiatives are not just underway but are executed to plan and within constraints. At the project level, the sponsorship will be equally strong and accountable, driving overall success. Building from the Workforce Strategy proposals on leadership development we will provide the tools and techniques leaders need to steer this transformation to success (including effective sponsorship, leadership and implementation of change).
 - 3.12.2 **Initiate the Conditions for Success plan:** The Transformation Strategy identifies 10 Conditions for Success that must be in place to enable its successful delivery. Embedding the Conditions for Success will require cultural, behavioural, and procedural changes that will mature over time. The mobilisation phase will develop the plan and enabling practices for how the Conditions for Success will be achieved, with particular focus on the top 4 priorities, which are: enabling whole Council ownership; leadership development; securing workforce buy-in and fostering creative ideas.
 - 3.12.3 **Continued delivery of projects:** Heads of Portfolio will take charge of the defined portfolios and their delivery performance within agreed scopes and constraints, ensuring that projects are not just on track but moving at the pace required. The programme includes support for these leaders to equip them for successful development and delivery of the portfolios. We will provide clear,

effective insights through governance forums, empowering decision-makers to make informed choices.

- 3.12.4 **Set clear Financial Sustainability targets for the portfolios of change:** our path forward includes the identification of opportunities that provide reasonable confidence the programme can deliver at least £100m of savings by 2028, to be complete by July 2024.
- 3.12.5 **Scope and shape the future transition states:** with particular focus on the outcomes and solutions required by the next transition state of April 2025, and therefore the projects that will be required to achieve those outcomes. Our work will be evidence based and measurable.
- 3.12.6 **Be on the path to optimal resource allocation:** We aim to ensure resources will be prioritised and in place, driving the success of our delivery portfolios. When needed, resources will be reallocated from lower-priority work to approved scope items, even if it means temporarily pausing or slowing down other endeavours.
- 3.12.7 **Build capability and capacity:** This is a cornerstone of our journey. We will identify central capabilities that need a boost to secure our success, and where necessary, we will have implemented tactical support (to March) through our existing transformation partner.
- 3.12.8 **Consider our operating model for transformation:** As a first stage during this phase a detailed design of skills and capabilities for Transformation Centre of Excellence will have been completed by July 2024 in conjunction with Support Services Programme (SSP). We will start working together as an effective Transformation core team immediately, ahead of these structural decisions.
- 3.12.9 **We will support our leaders of change** - We understand that leading change is not easy and not everyone is comfortable or equipped to do that. Building from the Workforce Strategy proposals on leadership development we will provide the tools and techniques leaders need to steer this transformation to success.
- 3.13 We know that our ambition for WCT will require some strategic leaps and we are likely to need external skills to achieve that. A key element of the early work will be to identify the areas we need greatest support with, which is likely to include our digital agenda. This work will enable us to specify the support we need for ECC to be successful in WCT. A further report to the Cabinet Member will be made to decide how to procure this work.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision:

- Enjoy life into old age

- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030: the infrastructure & behaviour change needed for a Net zero Essex will be implemented to minimise waste, modernise transport and consider aesthetics of place.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

5.1 **Option 1: Do Nothing: Revert to siloed working, relying on previous approaches and cultures to achieve organisation objectives.**

Pros: Functions continue to make continuous improvements within their services

Cons: Doesn't implement the WCT Strategy, nor provide a single picture of change for ECC nor a clear plan for addressing the savings gap and is unlikely to make the organisation leap required to respond to the challenges of the changing world we live in; opportunities for more collaborative working not identified or realised.

This option is not recommended because without a Whole Council Transformation Programme we are unlikely to achieve our objectives and ambitions in relation to Everyone's Essex and financial sustainability.

5.2 **Option 2: Recommended option: Mobilise a programme of work to deliver the WCT strategy as a holistic programme of change.**

Pros: Enables political and corporate leaders to see the full picture of change for ECC, priorities resources, improves ECC capability, resilience and culture and mobilises delivery of the strategy, significantly increasing chances of delivery the £100m Transformation Savings targets by 2030.

Cons: Shifts in culture and capability can be uncomfortable experiences and take time.

This option is recommended because it mobilises delivery of the strategy and significantly increases chances of achieving outcomes set out in Everyone's Essex and financial sustainability targets.

5.3 **Option 3: Deliver the financial sustainability outcomes through issuing budget reduction targets of 8-14%**

Pros: Less investment required in a cohesive transformation programme.

Cons: Savings will not be targeted in an intelligent way or considered at an organisational level. As ECC has already delivered significant savings, it is unlikely that savings in the order of £100m will be easily identified by budget holders. This approach will not make the organisation leap required to respond to the challenges of the changing world we live in and doesn't provide a single picture of change for ECC or opportunities for more collaborative working.

This option is not recommended because without a Whole Council Transformation Programme we are unlikely to achieve our objectives and ambitions in relation to Everyone's Essex, and changing world we live in. Even the financial sustainability factor is significantly less likely to be delivered.

6 Issues for consideration

6.1 Financial implications

6.1.1 It is expected that Whole Council Transformation will deliver £100m of financial benefits by 2028. To date, £1.8m of funding has been approved for drawdown from reserves to support development of the Whole Council Transformation programme.

6.1.2 To support the programme through the first phase, the recommended option set out within this paper has two elements with financial implications; mobilisation and delivery resourcing, and procurement of a transformation partner.

6.1.3 To enable the mobilisation and delivery of the first phase of Whole Council Transformation, funding of £1.6m is requested from the Transformation reserve to enable staff resources to be put in place over a period of 16 months (to April 2025) as follows:

Roles requiring funding	Cost for 16 months £000
Programme Director	184
Head of Portfolio	147
Strategic HR	107
Strategic OD	141
Change management	299
Senior Performance & BI Analyst	85
Programme Manager	122
Delivery Assurance	121
Snr Business Design & CI Consultants	233
Junior Analyst	51
Project Support/APM	104
Procurement support	32
Senior Finance Business Partner	-
Comms support	-
Recruitment costs	10
Total	1,636

Funding for the Senior Finance Business Partner will use remaining funding from previous decisions, and Comms support will be an opportunity cost. Profile of the drawdown from reserves is assumed as follows:

Element	Period Funding will be Utilised	Value of Transformation Reserve Funding			Total £000
		2023/24 £000	2024/25 £000	2025/26 £000	
Mobilisation and Delivery Team	January 2024 - April 2025	311	1,219	106	1,636

Funding will only be drawn down when required to meet the actual level of expenditure incurred.

6.1.4 At this point, it is estimated the procurement of a transformation partner will have a contract value in the region of £1m to £2m. If a contract is awarded, this will be recommended to be funded by drawdown from the Transformation reserve in a separate decision paper. Before recommendations in this report, there is currently an uncommitted balance of £53m in the reserve.

6.2 Legal implications

6.2.1 Section 3 of the Local Government Act 1999 says that the Council must make arrangements to secure the continuous improvement in its service. Section 3(2) requires consultation to be undertaken on such arrangements. The Council will need to review whether the transformation programme is or becomes part of its arrangements to secure continuous improvement in its services. The case of *R(Nash) v Barnet LBC* [2013] EWCA Civ 1004 makes it clear that high level programmes can become arrangements which are within section 3 of the Act, triggering the duty to consult.

6.2.2 It will be important to ensure that any procurement is lawful and that we have an open mind when selecting a transformation partner. Any use of a third party framework agreement will need to be carefully considered with legal advice, particularly if it is a single supplier framework.

7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Appendix A	Whole Council Transformation Strategy
Appendix B	Deploying the Whole Council Transformation Strategy
Appendix C	TS1 Approved Projects List
Appendix D	Equalities Comprehensive Impact Assessment

9 List of Background papers

None