
Meeting of the Overview and Scrutiny Committee – 27th March 2024

Report of the Deputy Chief Executive

Improvement and Sustainability Programme ('Fit for the Future') Scope and Governance

Purpose of report

1. To present the scopes, timelines and key financial and other success measures and milestones of the improvement and sustainability Programme, to be branded 'Fit for the Future'. This report is being considered by the Cabinet on 20th March, 2024.

To present the governance arrangements, to ensure that the Programme delivers the necessary benefits for DMBC and its residents, to time, cost and quality.

Recommendations

2. That the Committee note the achievements of Phase 1 of the programme, which is now complete.

That the Committee note the detailed scopes of Phase 2, 'Fit for Purpose' at the first Programme Gateway, provided in Appendix 1.

That the Committee note the governance of the 'Fit for the Future' Programme, provided as Appendix 2.

Background

3. In response to the LGA Peer Review, the External Auditors Report, and the underlying financial risks facing the Council, DMBC stood up the Council improvement and sustainability Programme.

The objective of the Programme is to: 'Establish the foundations required to assure delivery of Dudley Borough's Vision, Forging a Future for All, through effective Strategy, Governance and Financial Sustainability'.

4. Phase 1, "Mobilising", scoped to run from Oct 2023 to January 2024 is now complete.

In this phase, urgent financial controls were established by implementing spending controls, and Cabinet approved the suspension of the Council Plan on 15th February, as it was not financially viable. A refreshed Council Plan will be presented to Council for approval on 15th April, aligned to 'Fit for the Future' and 2024/25 MTFS.

Options for phase 2 of the spending controls are being presented to Cabinet for approval on 20th March, which will improve efficiency of the existing controls of people-spend and options to extend non-people spend controls, which currently only approve or not procurement contracts above threshold. The Spending Controls Group will remain in place throughout the programme, and until such a time spending controls are no longer required.

Programme Definition is now complete, meaning Phase 2 is now scoped, and the Programme can pass through a 'Gateway Approval'.

The following workstreams have been scoped:

24/25 Change Portfolio: will reduce the Council's operating costs, targeting £37.4m over 3 years, with as much savings/income as possible identified/delivered in 24/25 and delivered through a portfolio of change.

Governance: Design and deliver improvements to governance for 24/25 to create a 'golden thread of governance' to oversee the financial challenge.

MTFS Savings Reporting & Assurance: identify and deliver the improvements necessary to internal processes, grip and transparency to identify, assess, assure and report upon effective delivery of savings/income against the stretch target of £37.4m.

Organisation Redesign: Designs a financially sustainable organisation (TOM), aligned to a refreshed vision for the customer/resident. This is a programme in its own right.

Comms & engagement: underpins the Programme; ensures that stakeholders including colleagues, partners and residents have their needs understood and responded to in a timely, effective way.

5. Programme governance was established in November '23, with Strategic Executive Board taking collective ownership of Programme definition and Phase 1 delivery; and the Independent Assurance Board providing external expertise and holding DMBC to account for delivery.

At Phase 2 'Gateway Approval' the Programme governance is improved by:

1. Presenting project scopes, milestones, and timescales for approval, and establishing a 'Fit for the Future' Programme Board to be chaired by the Leader of the Council, to receive monthly Programme performance reports and hold officers to account for delivery.
 2. Establishing specific governance for Organisational Redesign, including the Functional Reviews, given the scale of potential change to strategy, functions, services, and structures. This governance will take a 'One Dudley' view across the whole organisation; and be responsible for ensuring the Programme responds fully to the LGA Peer Review and the External Auditor's report.
6. The detailed scope of Phase 3, "Transformation and Creating a Sustainable Organisation", depends upon the approval of the Target Operating Model and a Financially Sustainable Corporate Strategy, so will be approved as a future 'Gateway Approval'.

Finance

7. Organisational Redesign is the vehicle for designing a financially sustainable organisation, which will enable the Council to meet the following financial Phase 2 Programme Objectives:
 - Develop a Financially Sustainable Corporate Strategy
 - Define the organisation, including Target Operating Model, required to deliver the Corporate Strategy
 - Establish financial governance and control of a sustainable budget to deliver the Corporate Strategy

The organisation will reduce operating costs through the 24/25 change portfolio. This includes MTFs savings/income of £17.4m by 2026/27 submitted for approved by Council on 4th March MTFs, the service options appraisals listed in the 24/25 Budget Report to Cabinet, functional reviews and additional pipeline of projects and savings/incomes initiatives which will be identified during 24/25.

Spending controls will need to remain in place until at least June 25, until the programme delivers the target operating model during Phase 3, or until the Council's unringfenced reserves return to a level of 20% of net revenue spend. An engagement plan will stimulate action, improve understanding of the need for spending controls, so a 'control spending' mindset is embedded at every level of the organisation.

Law

8. Pursuant to Section 111 of the Local Government Act 1972, a local authority shall have power to do anything... which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

Pursuant to Section 114(3) of the Local Government Finance Act 1988 the chief finance officer shall make a report if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. Following the issuing of the report all new agreements that incur expenditure are stopped for a period of up to 21 days in which time the full council must meet and respond to the report.

Risk Management

9. The 'Fit for the Future' Programme has a Risk Register, which is presented to the Independent Assurance Board monthly and will be managed by the Programme Board.

The Change Portfolio will be underpinned by a RAID (Risks, Actions, Issues, Decisions) Log, specifically focused on managing delivery of the £37.4m stretch savings/income target.

Equality Impact

10. As part of defining the Target Operating Model, Cabinet will approve a new vision and mission for Dudley Council, which will place customer needs at the heart of our operating model.

The Case for Change will include an evidence-based assessment of the reasons why change is required, and the root causes that need to be resolved, so that the future state organization can better meet the needs of stakeholders, including residents, Members, colleagues and partners.

An Equality Impact Assessment of the resulting draft TOM blue-print will be completed.

Human Resources/Organisational Development

11. The challenging financial position facing the Council will require changes to our current ways of working and a programme to undertake an organisational review to develop the future target operating model will be a key programme in the new Council Plan and the People Strategy under the Leadership and Culture priority.

Capacity and capability have been allocated to the Programme as the Corporate Priority, through alignment of existing resources. This includes alignment to the refreshed Council Plan, secondments to a Programme Delivery Office, and 'dotted line' matrix management of existing project management resources. These arrangements will provide dedicated resources to drive change at pace and will inject project management. This temporary programme structure will only last the lifetime of the programme but aims to invest in lasting organisational capability for change, transformation and innovation.

Commercial/Procurement

12. Functional reviews and service options appraisals will include reviews of commercial services.

Environment/Climate Change

13. The Council will continue to support and contribute to the commitment to become a carbon net zero authority by 2030, as part of its Climate Emergency declaration.

Council Priorities and Projects

14. The Council Plan 2024-25 has identified themes aligned to the 'Fit for the Future' Programme

The Programme scope, provided as Appendix 1, will serve as a significant proportion of the narrative of the Council Plan.



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Appendices:

- **Appendix 1 – Programme Scope, Milestones, Timelines and Success Measures (Phase 1, 2 and 3)**
- **Appendix 2 – Programme Governance, Phase 2**