

HIGH LEVEL DRAFT OF THE CROYDON RENEWAL IMPROVEMENT PLAN

Introduction

Croydon Council faces serious governance, financial and operational challenges which have been exacerbated by the COVID-19 pandemic. The scale of the challenge the local authority faces is unprecedented and will require one of the most significant change programmes in local government.

Cabinet and Council agreed in September 2020 to the development of the Croydon Renewal Plan which incorporates a financial recovery plan to develop a sustainable budget over the medium term, the submission to MHCLG to secure the necessary capitalisation direction as part of that financial recovery, a corporate Improvement Plan to deliver the required changes to ensure the financial investment and rebalancing of the budget is sustainable and an Improvement Board that will oversee and ensure delivery and improvement actually takes place.

MHCLG will require assurance that;

- we have faced up to our situation and understand its depth and impact,
- we have acknowledged the errors made in arriving at this position
- we are clear about what we need to do
- we are continuing to challenge our position to establish whether there any addition financial problems
- we are developing a detailed improvement plan in a timely fashion that incorporates the Report in the Public Interest Action Plan and recommendations from other reviews such as the Strategic Review of council companies and their Rapid Review.

And that all together the Croydon Renewal Plan will provide MHCLG assurance for their decision in regard to the capitalisation direction and the improvement board will offer further assurance in our continued commitment to deliver the required change.

Part of the assurance to Government is the MHCLG non-statutory Rapid Review which is taking place during November 2020 and is on target to report at the end of the month. They were tasked to look at our governance, culture and leadership, financial sustainability, services and our capacity and capability to improve.

In summary this is an opportunity to consider a re-set moment for the Council where it can completely review the previously held ambitions and goals including the Corporate Plan 2018-22, the vision and values and the operational model that it has in place to deliver services.

Approach to Improvement

From the outset it will be important to set clear principles to operate within so that residents and staff can see that the Council is taking an approach that is fundamentally different from the past. The new administration has committed to greater transparency and openness in the Council's operation and this will be an integral theme underpinning all aspects of the Council's business.

Measuring and monitoring delivery and actual change will be central to provide assurance on the implementation of the Improvement Plan. The interim Chief Executive and the management team will work with staff and Members to co-create criteria to measure and evidence progress in a meaningful way.

Reaching out to staff and actively seeking their involvement in co-designing and co-delivery of much of the change needed will be another hallmark of the new way of working. Already staff have put forward many ideas such as improving contract management, clearer priorities, more effective use of digital technology in the recent staff survey and focus groups. A very strong message from the Council's staff is the need to change the culture from one which is seen by many as fearful with staff who feel unable to speak up. Designing a new operating environment to tackle this culture without the full involvement of staff would be entirely inappropriate and highly likely to fail. There is also feedback from staff of unequal treatment, of nepotism, of cronyism, of racism, of discrimination and of unconscious bias all taking effect in their working lives. This will be tackled explicitly and openly with staff fully involved.

Administration new Priorities and Ways of Working

The new administration, in place with effect from October 2020, has already set out its priorities for the Council (see Appendix D). In high level terms these are:-

Priorities

- We will live within our means, balance the books and provide value for money for our residents.
- We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe.
- To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.

In addition the administration has also set out new ways of working which are:

New ways of working

- We will practise sound financial management, being honest about what we've spent and what we can afford.
- We will focus on what we, uniquely, can do as the local authority as the democratically elected leaders of our borough. This means we will focus on our core services, and a small number of evidence-based outcomes that deliver our priorities. But we will also continue to use our democratic mandate to convene our partners around a common purpose and to make a clear case for a better deal for Croydon.
- We will aim to become a much more transparent, open and honest council.
- We will involve residents in our decision making. But we will also need to be clear with residents about what we can do, and what we can't. When we have to say no, we will do so with compassion and take the time to explain our decisions.

Diagnosing the size and scale of the challenge for the Council

As has already been stated the challenge the Council faces is to deliver one of the most significant change programmes in local government. A number of reviews are already underway or have recently concluded and their findings and recommendations must be incorporated into the detailed Croydon Renewal Improvement Plan.

1. Finance Review Panel and Independent Finance Review

This is an independently chaired panel that has external stakeholders from other local authorities, Croydon NHS Trust and the Council's external auditor Grant Thornton. It was set up to oversee, challenge and endorse the Council's approach to the 2020/21 forecast overspend and residual financial challenges and external audit concerns. Latterly the panel has informed the approach to developing a revised Medium Term Financial Strategy and the budget setting process. The Finance Review Panel commissioned an independent review of the Council's financial governance, strategy, planning, leadership, decision-making, and management of group company structures. This resulted in a report to General Purposes and Audit Committee in October 2020 with 75 recommendations all of which the Council accepted and will be incorporated in the Croydon Renewal Improvement Plan

2. Strategic Review

In September 2020, the Council commissioned PWC to undertake a strategic review of its subsidiary companies including structures, operations, financial position and

any additional liabilities. It will be essential to incorporate the recommendations from this review into the Improvement Plan.

3. Report in the Public Interest

In October the Council's external auditor issue a Report in the Public Interest and in response to this the Council has agreed an Action Plan that has 83 recommendations. It will be essential to incorporate the recommendations from this review into the Improvement Plan.

4. Staff Survey

During October the Interim Chief Executive initiated a new staff survey and series of focus groups to begin listening to staff and their ideas for what needed to change. In addition weekly webinars with the Leader of the Council and Interim Chief Executive have been held to hear how staff are feeling and to answer the many questions that colleagues have. The output from all of the activity to date and the ongoing dialogue that will take place will form an essential pillar of the Improvement Plan.

5. MHCLG Rapid Review

The Council has recently welcomed the Rapid Review team which was commissioned by MHCLG and it is anticipated that their report will make a number of recommendations. It will be essential to incorporate the recommendations from this review into the Improvement Plan.

6. Governance Review and Centre for Governance & Scrutiny Review

Both of these pieces of work will assist the Council to reshape its approach to governance and improve the way it scrutinises all plans and service delivery including the Croydon Renewal Improvement Plan.

7. The Financial Recovery Plan

This plan will deliver the new medium term financial strategy and the use of the MHCLG capitalisation monies to enable the council to manage the current significant shortfall in this year's budget and address the long-term structural deficit within children's and adult's services. Its recommendations are in part 2 of this report on this agenda. The mechanisms for delivering the strategy such as the existing spending control panel and the placement review panels for adults and children's placements will be incorporated within the Improvement Plan

High Level Improvement Objectives

The Croydon Renewal Plan will lay out in detail the improvements the Council needs to make, what actions it will take to deliver those improvements and have programme management disciplines and mechanisms in place to ensure accountability and track progress.

Using the outputs from the diagnosis process (steps 1-7 above) it will build a long-term approach to managing a significant programme of work that is likely to take up to 5 years. This will need to set out how the Council will stabilise its finances, make service improvements, operational improvements and deliver transformational approaches to modernise the way the Council works. This programme of work will

need dedicated resource and the Council will need to identify capacity and capability for this to succeed.

The high level improvement objectives that will need to be addressed are as follows;

Leadership	<ul style="list-style-type: none"> • Effective Governance • Political & Managerial Leadership improvement • Openness & transparency • Equality & Diversity 	Financial Control	<ul style="list-style-type: none"> • Deliver MTFS-financial sustainability by 24/24 • Deliver in-year • External companies deliver return on investment
Staff Engagement & Involvement	<ul style="list-style-type: none"> • A council free from fear built on trust & openness that reflects the diverse borough that we serve • Equality and diversity, tackling unconscious bias & taking positive action 	Service Transformation	<ul style="list-style-type: none"> • Adult's Social Care • Children's Social Care • Identify & modernise core services
Residents & Partners	<ul style="list-style-type: none"> • A new approach to engagement, openness and transparency • Collaborative working 	Internal Control systems	<ul style="list-style-type: none"> • Risk Management & Assurance Framework • Corporate Performance Framework (service delivery & staff appraisal)

Delivering the Plan

The Council has fully acknowledged that it does not have a strong track record of delivery of plans and is making a positive step to address this by the introduction of an independently chaired Board to hold the Council to account for delivery of the Croydon Renewal Improvement Plan. The draft terms of reference and draft membership of the Croydon Renewal Improvement Board are at Appendix B. The Board membership and terms of reference will be consulted on and brought back to the January 2021 Cabinet and then onwards to Full Council for final approval.

In addition progress will be reported and overseen by Council Member led bodies: Scrutiny and Overview Committee, General Purposes and Audit Committee, Cabinet and Full Council. The Board will provide an external layer of governance and accountability for the Council. It does not preclude or prevent Scrutiny & Overview or GPAC from fulfilling the duties as described in the Council Constitution. The Chairs of both committees are in attendance and the Board can refer matters to them and vice versa.

The Council will need to fully adopt best practice programme methodologies which will set definitions to be achieved, milestones and deliverables in sensible time periods to ensure it achieves the required improvement and change. The plans will require regular review to check that delivery is on track, that risks are reviewed and mitigated and any external factors that may affect delivery are taken into consideration.

There are currently around 400 recommendations and actions already developed from different plans and there will be further output for incorporation into existing plans. Some of the recommendations and actions are likely to be cross-cutting, many may duplicate each other and the Council will need to use best practice frameworks and recognised programme management methodology to track progress and reporting.

The Council will use the CIPFA/Solace standards and the McKinsey 7s Framework to model best practice. In addition it will continue to work with and learn from partner organisations such as the Local Government Association, Centre for Governance & Scrutiny and other Local Authorities who can provide valuable support and insights.

First Order Actions and Immediate Goals

The Croydon Renewal Improvement Plan needs to be written and brought to members for review and challenge. It is intended that this will happen in January 2021 at both Scrutiny and Cabinet. However there is a significant amount of work already underway whilst the detailed Improvement Plan is being constructed. The Council cannot wait for the Plan to be finally written before it begins the essential work needed.

It is important for the Council to set immediate goals to keep momentum and pace around the actions that need to be taken whilst it builds the more significant overarching Improvement Plan. The following table captures the work currently underway which will all be formally incorporated into the Improvement Plan for formal review in January.

Immediate Priorities	Action	Delivered by
Submission to MHCLG	Submit capitalisation direction	Dec 2020
Listening & engaging with staff and implementing outcomes from staff survey	Co-create success measures, listening, engagement and freedom from fear culture activities	Work started October 2020
Consultation on Council management arrangements restructure	Whole Council staff consultation on the redesign of management arrangements and resources to reflect new organisation priorities and ways of working. Proposals then brought to Cabinet and Full Council for final decision with a plan for any permanent appointments that may arise.	March 2021

Consultation on 2021/22 budget and sign-off	Agree proposals and consult staff and all residents	Feb 2021
Medium Term Financial Strategy consultation and sign-off	Agree proposals and consult staff and all residents	Feb 2021
Corporate Finance, Performance and Risk reporting in place	Develop new robust assurance framework and reporting system to members.	June 2021
Programme Management Office in place and Programme Management system agreed	Identify resource required and appropriate methodologies	February 2021
Improved finance system to support reporting and management of finances	Scope requirements and establish approach	June 2021
Report in the Public Interest Action Plan	Agreed by Cabinet & Full Council	November 2020

Next steps

On receipt of the report from the MHCLG Rapid Review the Council will be in a position to set out next steps and offer to meet the requirements to secure a capitalisation direction.

It is envisaged that this will need a robust Medium Term Financial Strategy, a financial delivery plan and Improvement Plan to accompany any submission.