

Appendix A: THE CROYDON RENEWAL IMPROVEMENT PLAN (SUMMARY)

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 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 took place during November 2020. 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 transform the priorities of the Council, the vision and values and the operational model that it has in place to deliver services.

Approach to Improvement

From the outset we will demonstrate to residents and staff 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 is an integral theme underpinning all aspects of the Council's business.

Measuring and monitoring delivery and actual change is central to provide assurance on the implementation of the Improvement Plan. The interim Chief Executive and the management team are working 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. There are specific improvement actions, therefore, to tackle this explicitly and openly with staff fully involved.

Our 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.

These are set out in the appendix, showing how these new priorities and ways of working inform our action plans, projects and programmes within our overall improvement plan.

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 incorporated into the Croydon Renewal Improvement Plan. It is important to note that the Council will continue to seek external challenge and support, undertake reviews and identify improvements. These will be incorporated into the Improvement Plan as part of regular reviews and progress reporting.

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 have been 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. The recommendations, reported to Cabinet in November 2020, have been incorporated 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. These recommendations and actions have been incorporated 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 focus of the Improvement Plan.

5. MHCLG Rapid Review

The Council welcomed the Rapid Review team which was commissioned by MHCLG and it is anticipated that their report will make a number of recommendations. These recommendations will be incorporated 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. The mechanisms for delivering the strategy have been incorporated in to the Improvement Plan.

The Council has used the CIPFA/Solace standards and the McKinsey 7s Framework to model best practice in the Improvement Plan. 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.

Outcomes

The Croydon Renewal Plan has been structured around the new priorities agreed at Council (as set out above), with 3 key improvement outcomes:

- Financial recovery
- Governance improvement
- Operational improvement

These 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.

Under each of these outcomes are specific action plans, which have been informed by the reviews about that diagnosed the Council's challenges and areas for improvement. The Improvement Plan is a significant programme of work that is likely to take up to 5 years.

The Improvement Plan has also identified key areas of focus across all improvements. These are set out in the table below and are essential to changing the overall culture of the Council to one that is evidence led, manages resources well, and is open and transparent with stakeholders.

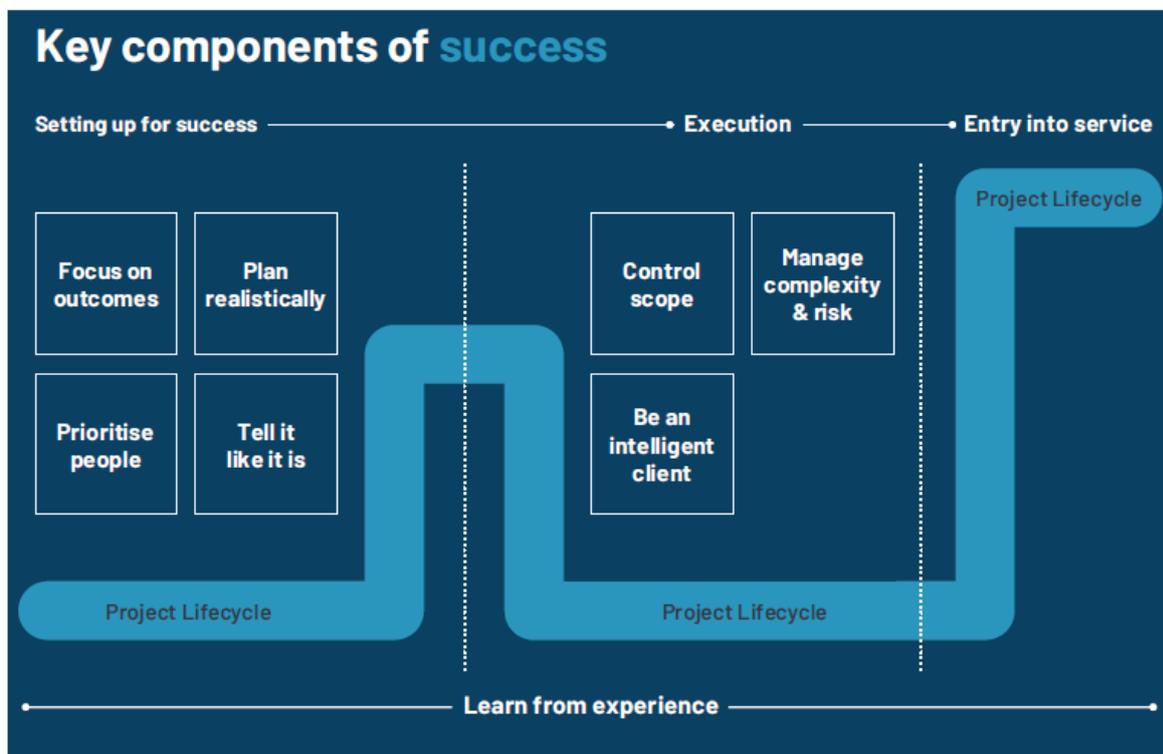
Leadership	<ul style="list-style-type: none"> • Effective Governance • Political & Managerial Leadership improvement • Openness & transparency • Equality & Diversity 	Financial Control	<ul style="list-style-type: none"> • Deliver MTFS-financial sustainability by 24/24 • Deliver in-year • External companies 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. We are strengthening systems for monitoring and reporting performance and expenditure, and applying a programme delivery approach to implement the change required.

Delivery of the Improvement Plan will be coordinated by a new Renewing Croydon Programme Steering Group. The Steering Group is responsible for ensuring that all project and programme work undertaken by the council is aligned only to the strategic priorities of the council. They will hold officers to account for delivery, approve project initiation, prioritisation and close down, and manage compliance.

We have set up a central Programme Management Office to ensure consistent, effective management of the various improvement and savings programmes. Our approach has built on best practice advice received from the NHS and local government as well as lessons learned reports from MHCLG and The Infrastructure and Projects Authority. Their 2019-20 Annual report emphasised the principles for project success to improve the delivery of major programmes. Critically the majority of these components are in the planning / set up phase. This is the phase that the Council is in with the majority of the Improvement Plan. Whilst we have outlined our approach here, we recognise that we will need to respond as the planning / set up phase continues.



Source: Infrastructure and Projects Authority: Annual Report on Major Projects 2019-20

Each action / project will be assigned to a Senior Accountable Officer, with an identified responsible officer supporting delivery and reporting. Our approach will be scalable and adaptable to ensure reporting is consistent across the organisation and corporate oversight of all projects and actions is achieved. Each action will have clear milestones, as well as detailed project plans where required. Each milestone will have clear deadlines and regular updates will be reported via the PMO.

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. The PMO will provide timely challenge should milestones be delayed, working with the relevant project managers and senior accountable officers and cabinet members to keep projects on track. The PMO will work closely with Finance teams who will monitor the level of savings realised, and between them the PMO and Finance teams will report on the successes, issues, and risks of the savings programme to all relevant stakeholders.

The council's performance in relation to KPIs has been reviewed to ensure a culture of honesty and transparency, with development of a new suite of reports under way to provide clarity and accountability for Councillors, staff and residents. We are reinstating regular quarterly performance reporting. Changing the council's culture around performance management is a process that touches every part of the organisation. The leadership team is therefore closely involved in reinforcing the key cultural behaviours required. We are strengthening the reporting to the leadership team regarding any areas of concern around performance, risk and finance.

A cycle of planning, monitoring and reviewing KPIs has been established and all existing performance reports across the Children, Family & Education and Health Wellbeing & Adults departments are being reviewed to ensure we are reporting the right things at the right time.

We have designed a 'stress' report to scan for any changes over the next three years such as in demand, population demographics and health, using Acorn, a geodemographic segmentation tool detailing the UK's population at household level, to enable the council to anticipate them. We are also benchmarking against other London boroughs.

Monitoring

The delivery of the Improvement Plan will be monitored through the introduction of an independently chaired Board to hold the Council to account for delivery of the Croydon Renewal Improvement Plan.

Draft terms of reference and draft membership of the Croydon Renewal Improvement Board have been developed and are subject to consultation and engagement with MHCLG regarding their own assurance requirements.

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.

This programme of work will need dedicated resource and the Council will need to identify capacity and capability for this to succeed. Before any project is given approval a resource plan will be required as part of a project initiation document.

Key milestones

The Croydon Renewal Improvement Plan will continue to be updated as recommendations are received and additional actions / projects identified. MHCLG have set out expected milestones that the Council will need to achieve under the Improvement Plan. These have been incorporated into the Improvement Plan, but are summarised in the appendix for ease of reference, together with a brief outline of the Council's actions, timescales and links to the Improvement Plan.

Appendix: Croydon Renewal Improvement Plan: MHCLG Milestones

Theme	MHCLG Milestone	Croydon action	TIMESCALE	Improvement links
Assurance	<p>Improvement and Assurance Board established</p> <p>A Panel made up of 3/4 external advisers appointed by the Secretary of State, to include an expert on asset disposal, to challenge and provide advice on the Council's improvement journey. The Panel will also provide assurance to the SoS by means of quarterly reports over the next 3 years.</p> <p>This approach will link with the Council's own plans for an External Improvement Board.</p>	<p>We are currently consulting on an External Improvement Board. MHCLG will appoint independent external advisors. We will ensure that both receive regular updates against the Croydon Renewal Improvement Plan</p>	<p>January 2021</p>	<p>External Improvement Board: Terms of Reference</p>
Assurance	<p>A three-year recovery plan submitted to the Secretary of State</p> <p>With actions, milestones and accountabilities to restore the financial viability of the Council's revenue budget. In particular, the plan should include steps (some of which are indicated below) to address the current forecast deficits for future years</p>	<p>We have outlined our 3 year recovery plan within the submission to MHCLG seeking a capitalisation direction. This includes a full details of the budget proposals required to restore a sustainable balanced budget. Each proposal has clear project leads and delivery plans. Monitoring and reporting will be undertaken by the Croydon Renewal Programme Steering Group, via the Programme Management Office, with regular reports to MHCLG, External</p>	<p>December 2020</p>	<p>Capitalisation request</p> <p>MTFS - Finance Recovery Plan</p> <p>Cultural Transformation</p>

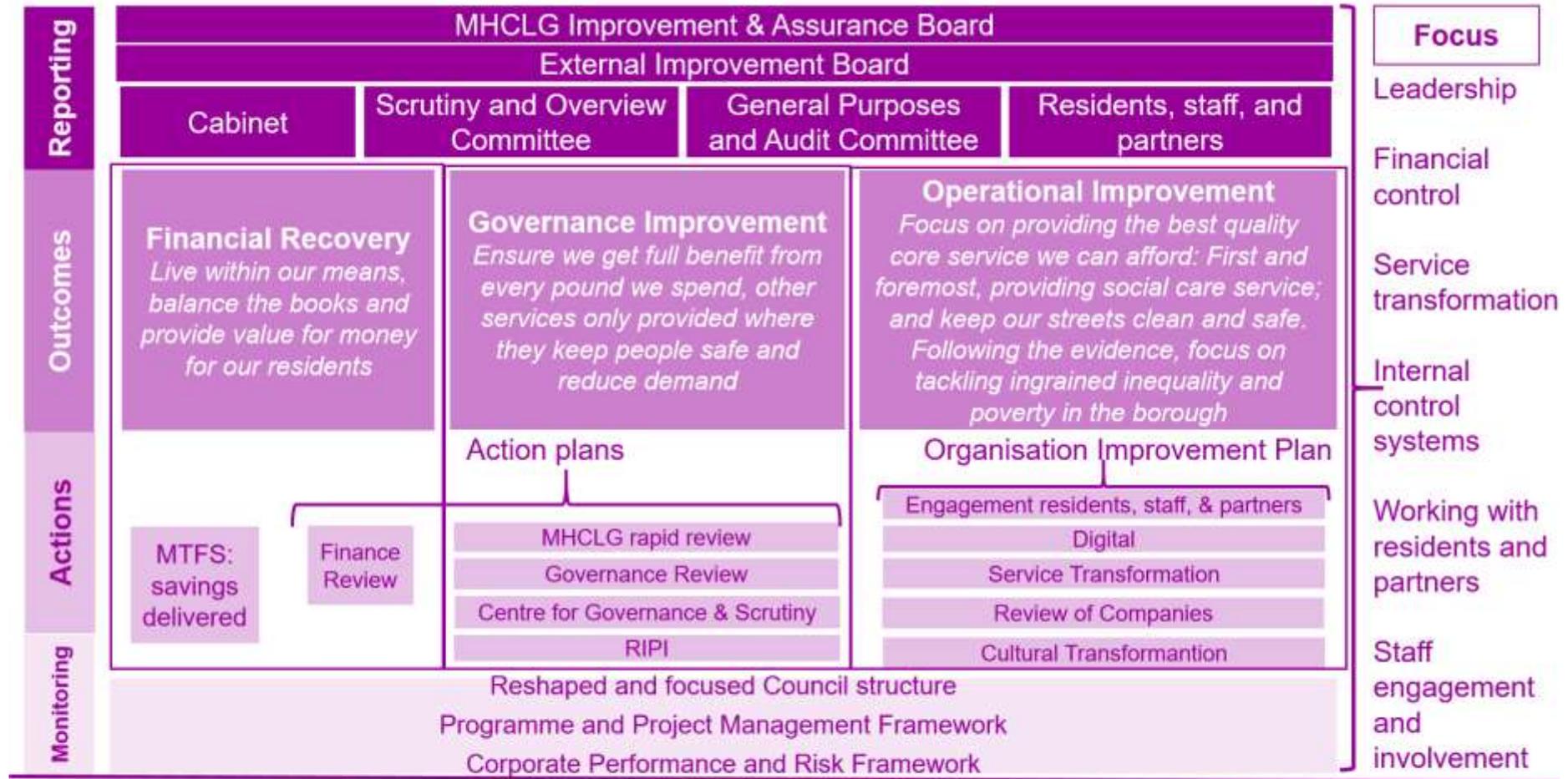
Theme	MHCLG Milestone	Croydon action	TIMESCALE	Improvement links
		Improvement Board, Cabinet, Council and Committees.		
Finance	<p>A robust three-year medium-term financial plan With actions to end the reliance on annual budget setting and a plan to restore financial resilience, including through long term cost reduction and building reserves.</p>	<p>We are developing a new Medium term Financial Strategy as part of the 2021/22 budget setting process. Budget proposals have been identified to restore a sustainable balanced budget over the 3 year period. Each proposal has clear project leads and delivery plans. Monitoring and reporting will be undertaken by the Croydon Renewal Programme Steering Group, via the Programme Management Office, with regular reports to MHCLG, External Improvement Board, Cabinet, Council and Committees.</p>	February 2021	<p>Medium term Financial Strategy</p> <p>MTFS - Finance Recovery Plan</p>
Finance	<p>A robust draft budget for 2021/22 With a clearly identified funding gap/ask and evidence of significant measures (including milestones) to close that gap, including asset disposals. The Budget should be scrutinised by the Finance Review Panel</p>	<p>Draft budget proposals have been published and are subject to consultation between December 2020 and January 2021.</p>	February 2021	<p>Budget 2021/22</p> <p>MTFS - Finance Recovery Plan</p>
Finance	<p>A detailed savings plan Including a schedule of who is responsible for each identified saving, an implementation plan, and a description of the process the council</p>	<p>All savings proposals and projects will have lead officers appointed to manage implementation, with delivery plans, milestones and measures in place. Monitoring and reporting will be</p>	January 2021	<p>Budget 2021/22</p> <p>MTFS - Finance Recovery Plan</p>

Theme	MHCLG Milestone	Croydon action	TIMESCALE	Improvement links
	will put in place for generating further savings	undertaken by the Croydon Renewal Programme Steering Group, via the Programme Management Office, with regular reports to MHCLG, External Improvement Board, Cabinet, Council and Committees.		Programme Management Framework
Finance	A detailed asset disposal strategy Including a review of capital assets and a disposal plan. This will include a detailed plan to deliver a very significant increase in capital receipts, to fund existing schemes and to fund or co-fund a capitalisation Direction. It will also detail assets or commercial ventures which should be exited, owing to a lack of expertise or rationale for remaining involved. In both cases, the plans will need a clear timetable	A detailed review of Council assets has been undertaken and has informed a draft disposal strategy. This will be finalised and the Council agrees that asset disposal must be a key element of our financial recovery.	April 2021	Draft Asset Disposal Strategy
Finance	Clarity on “areas of risk” for 2020-21 budget Clear figures for each area of uncertainty which it has identified in connection with its estimation of the budget gap for 2020-21 even of those figures are simply an upper limit.	The Council has utilised external expert advisors to support our MTFS and budget development. This was to ensure that the Council fully identified all areas of risk and factored these in to our financial planning. This will be reflected in the budget and MTFS.	December 2020	Capitalisation request Medium term Financial Strategy MTFS - Finance Recovery Plan

Theme	MHCLG Milestone	Croydon action	TIMESCALE	Improvement links
Governance	<p>Timelines for organisational changes Including when key executive roles will be filled and more robust assurance processes put in place; timetables for the establishment of the improvement back office, strengthening of the Finance Team and recruitment of officers with commercial expertise.</p>	<p>The Council has commenced a consultation on changes to the senior management structure, which runs until the end of January 2021. This includes new roles to strengthen the Council's commercial expertise.</p> <p>Additional funding has been included in the budget proposals to strengthen the finance team.</p> <p>An Independent Finance Review was completed and the recommendations have been incorporated into the Improvement Plan.</p> <p>New project and programme management framework has been established, drawing on best practice, to provide regular reporting and assurance of delivery. This is supported by a corporate PMO.</p>	January 2021	<p>Senior restructure proposals</p> <p>Programme Management Framework</p> <p>Independent Finance Review – actions</p> <p>RIPI</p>
Commercial	<p>Plan to optimise commercial investments Including improved oversight of Brick by Brick; proposals and business cases for other assets; identification of assets which could yield capital receipts</p>	<p>The Council commissioned PwC to undertake a strategic assessment of the Council's company structures and investments, including Brick by Brick.</p> <p>Initial recommendations have been incorporated in to the Improvement</p>	April 2021	<p>Strategic review of the Council's companies</p> <p>Governance Review</p> <p>RIPI</p>

Theme	MHCLG Milestone	Croydon action	TIMESCALE	Improvement links
		Plan, with further work underway on future options.		
Services	Transformation of key services Including review of integrated social care IT system; review of eligibility criteria for adult social care	<p>Service transformation is a key element of the Croydon Renewal Improvement Plan. This includes substantial programmes of work within our high spend services such as social care</p> <p>Each project has clear project leads with delivery plans being developed. Monitoring and reporting will be undertaken by the Croydon Renewal Programme Steering Group, via the Programme Management Office, with regular reports to MHCLG, External Improvement Board, Cabinet, Council and Committees.</p>	June 2021	MTFS – Finance Recovery Plan Organisation Improvement Plan Children’s Improvement Plan Adult Social Care Improvement Plan

Appendix: Croydon Renewal Improvement Plan



Croydon Renewal Improvement Plan

Croydon Renewal Improvement Plan

Outcomes

Key Results

Financially resilient

- In receipt of MHCLG capital direction
- Delivered a balanced budget
- Contributing to reserves
- Effective monthly budget monitoring
- Finance department has no capacity or capability issues
- Financial management training regularly provided and support available for colleagues, especially budget holders

In control of activity

- Systems, process and controls are fit for purpose
- Oversight of compliance
- All work aligned to Corporate priorities (only)
- Effective corporate centre with holistic view
- Clear, defined, corporate priorities that do not fluctuate
- No local measures that replace agreed processes
- Clear criteria & approvals to start/stop new work
- Poor performance or on-compliance managed effectively

Great Leadership

- Functional Member/Officer relationship
- Accessible leaders who model good corporate behaviours
- Transparent leadership that inspires trust
- Collaboration with colleagues, partners and residents
- Leadership with positive impact
- Courageous, evidenced based decision making

Motivated workforce

- Good staff survey results
- High retention rate
- Large number of applications per vacancy
- Staff recognise a fair and diverse workplace
- High numbers of "exceeds expectation" performance ratings
- Significant engagement with communications
- Staff are, and feel, listened to and able to contribute to the strategic direction of the council