

17 JANUARY 2019**REPORT OF THE CHIEF EXECUTIVE OF THE COUNCIL**

1. The following report reviews the work of the Chief Executive since appointment in March 2018 and provides members with an update on key priorities, actions and achievements in that time and provides members with the opportunity to seek further clarification where required.

2. I would like to start by thanking all staff working for or on behalf of Worcestershire County Council, striving to ensure residents, businesses and communities receive the services they deem important within a significantly reduced financial envelope. In many cases we have seen services maintained and this is to the credit to staff working in uncertain times but looking to inject innovation and do things differently. I would also like to thank our Councillors for their openness since March in welcoming me into the role.

3. In accepting the post I was aware that the Council had undergone a period of uncertainty particularly at the senior management level where a number of key individuals had left to take up new roles. This had resulted in the need for temporary post holders which inevitably leads to a level of instability at a time when local government as a sector was under considerable stress. The need to restore stability and strategic capacity was an early priority and therefore one of the first tasks was to recruit individuals to the vacant roles, an issue I will return to later in this report.

4. Local Government has been topical over the last twelve months and particularly with regard to the sectors financial stability as a result of the concerns raised by Northamptonshire County Council. Against this context the initial priority as the new Chief Executive was to establish Worcestershire County Council's financial position and to understand the pressures facing the organisation. The budget for 2018/19 on paper contained all of the essential funding decisions expected, however on closer analysis what became apparent was that the assumptions made were proving to be over optimistic against the continuing demands being experienced in parts of the Council, particularly in the field of Adult Social Care. As Councillors will recall this resulted in a significant in-year pressure of almost £18 million and as such required urgent action to ensure the pressure was reduced and if possible completely removed.

5. Starting work at a new organisation is always a challenge and particularly at one that has the size and scope of Worcestershire County Council. Understanding the organisation's key strengths and weaknesses was vital as was gaining an insight into the Council's culture in order to understand the balance between what residents and businesses required, and by extension their elected representatives, and what the Council resources, structures and methods were able to deliver. This analysis provides the basis to understand what needs to change, what processes and systems are required and what if anything is holding back the organisation's ability to meet expectations. My approach has been to take some time to understand the organisation prior to seeking to make changes and to engage with staff at all levels to gain their perspective on how we can move forward.

Strategic Leadership

6. It is rare in professional life to take on a new challenge where you are able to recruit a significant number of the team that you will directly work with going forward.

Worcestershire provided this opportunity and I am delighted to inform Council that we have been able to recruit very strong and experienced individuals across all the roles required. In addition to the new appointments I also recognise the strength of the existing members of the Strategic Leadership Team (SLT) and it is this combination of both new and existing talent that gives me great confidence for the future. There is of course team development to do in order to ensure SLT can operate as a high performing team and this work is ongoing but I am pleased to report that progress is excellent and there is a real corporate approach now driving the Council forward.

7. Effective Council leadership requires a strong relationship between the officer corps and elected members and this needs to be developed over time. It gives me great pleasure to report to Council that all relationships are developing well and that there is a growing understanding and trust between officers and members leading to clear decision-making, financial planning and performance management.

8. The translation of strategic plans into operational management actions is an area where improvement can be made. Under the current structure there is often a loss in communication between the strategic and operational layers of the organisation leading to less effective performance and delivery of programmes. The structural segmentation of the senior management teams amplifies this issue and as such this will be addressed in future as part of the Council's redesign process. The exact form of this change is yet to be formalised and consulted upon and will form part of our work programme going forward.

Delivering the Corporate Plan

9. Shaping Worcestershire's Future continues to guide the Council's work. It sets an ambitious vision for Worcestershire with refreshed aims around our four priorities up to 2022. It includes cross-cutting themes covering: moving towards self-sufficiency by growing our income base and better utilising our assets, an enabling authority helping individuals, families and communities to do more for themselves, evaluating providers and securing value for money and finally, working better together as One Worcestershire. Much of the work and progress that has been achieved this year has already been reported to Council by the Leader in his report to November's meeting however I have also reproduced some of the key points below to help illustrate achievements over the last ten months.

10. Worcestershire LEP is continuing to make great progress towards our shared objectives set out in the Strategic Economic Plan of creating 25,000 jobs, increasing Gross Value Added (GVA) by £2.9bn and contributing towards the delivery of 21,500 new homes by 2025. Worcestershire is playing its part at a regional level in the Midlands Engine, Midlands Connect and West Midlands Rail as well as the North Cotswold Line Taskforce.

11. Investment in digital infrastructure continues; broadband speeds in the county have been transformed with superfast broadband (24Mbps+) now available to over 95% of premises in the county.

12. In March 2018, Worcestershire was one of only six projects across the country to be awarded funding as part of DCMS' 5G Testbed and Trials programme. The Worcestershire consortium secured £4.8m, with private sector partners contributing and a host of major companies involved. The project focusses on use cases that increase productivity in manufacturing, detecting faults in machinery as well as ensuring 'security by design', highlighting the role of Worcestershire in pioneering 'Industry 4.0' to create a connected, creative and dynamic economy for its businesses, residents and investors.

13. Worcestershire Parkway is progressing well. The steel structure of the station building and footbridges can be clearly seen as can the 500 space car park, new roundabout and access road. Once operational, this will enable Worcestershire to reap the benefits of increased inward investment that the improved connectivity will facilitate. The key economic 'game changer' sites in the County continue to grow. Worcester Six has seen five new investors taking over 700,000 sq. ft. of commercial space. Redditch Gateway has been granted outline planning consent for 1,000,000 sq. ft. and the Council is working closely with the developer and partners to attract occupiers to this important site. Malvern Hills Science Park continues to develop high quality defence and cyber security jobs, with construction complete on Phase 5 and further expansion planned.

14. Working with the Worcestershire LEP, the Council is strengthening the county's transport infrastructure with major investments in Worcestershire Parkway, the Southern Link Road, A38 corridor, Kidderminster Station and Pershore Link Road to name just the key projects.

15. In July, Cabinet noted the progress being made on the delivery of the overall A38 Bromsgrove Major Scheme. This scheme, currently being developed in 5 'packages', is essential to support growth identified in the adopted Bromsgrove District Plan. The initial phase of the overall scheme consists of improvements to three junctions including the M5 Junction 4 and the M42 Junction 1, with delivery commencing next year. The A38 will form part of the Major Roads Network, which opens up opportunities for future funding bids.

16. Dualling the A4440 Worcester Southern Link Road has progressed with a new railway bridge over Crookbarrow Way and construction of the carriageway now underway, thereby completing the dualling between junction 7 of the M5 and the Ketch Roundabout. The Council continues to progress Phase 4 which will see the dualling of the road between the Ketch and Powick roundabouts, with planning already secured and completion due during 2021.

17. The County continues to gain the highest level in the Department for Transport (DfT) Incentive fund, thus securing the maximum Highway Maintenance funding available. Even with securing this maximum level of funding from the DfT, additional capital monies are required to achieve our target of being in the top quartile in each road class. The recently agreed £37.5 million three year Highways Infrastructure Improvement Fund (HIIF) will greatly assist in reaching this target. Following the Council's budget allocation of £5 million we have been successful in drawing in £6.6m of Government monies to match fund schemes under development. In Worcester, to improve traffic flow and air quality by upgrading and better sequencing traffic signals, and in Bromsgrove, enhanced walking and cycling routes

18. Disposing of household waste and recycling is a core duty of the Council. Following the first operational anniversary of our Energy from Waste plant, EnviRecover, in March

2018, it has become evident that the plant is performing better than expected and will provide the County with an efficient way of dealing with our residual waste as well as providing enough electricity to power 32,000 homes.

19. We have continued to complete a range of drainage and flood mitigation schemes in key locations to improve the County's resilience to the effects of flooding and the changing climate. Since 2013, nearly 400 flood alleviation and drainage schemes have been implemented to mitigate the risk to over 1,800 homes, businesses and key sections of the highway network. During the last 12 months the major flood adaptation scheme at New Road in Worcester has been completed and progress has been made with the scheme at Upton-upon-Severn, with the final phase now underway and due for completion in 2019.

20. Work in the areas of Adult and Children's services continues at pace. Much of the first few months in Children's services have concentrated on the continual improvement agenda and the creation of the new Council-owned company Worcestershire Children First. I can inform Council that we continue to improve strongly having completed six interim Ofsted visits all of which have shown good progress, with the final visit at the beginning of January prior to a full re-inspection expected during the spring / summer of 2019.

21. Within Adult services much of the work has been to understand the budget and the significant pressure that has occurred in-year. This has been a difficult and detailed piece of work and is due to a number of factors, such as a rise in demand, increased complexity and an increase in the cost of packages. However the work has not been purely about financial management, the service has developed and implemented the new Three Conversation model of social care with very positive early results both in terms of resource requirements and feedback from service users.

Governance

22. Governance is important in ensuring the Council operates ethically and effectively and as Chief Executive this forms a fundamental part of the role. Since starting in post I have sought to develop relationships with all political groups and to ensure that officers maintain a politically neutral approach to the work that we are employed to do. I am pleased to report that members of the administration and opposition groups are supportive of this approach and have willingly engaged. It is of course still early days but I look forward to developing these relationships further so that all members feel fully supported in the work that they do and are confident that staff operate in a politically neutral way.

23. Moving to systems and processes I am pleased to report that the Council has an excellent framework and one that provides both confidence and assurance and reflects the excellent work of the Monitoring officer and our team in democratic services. That is not to say that there are not areas that we can improve. One area highlighted by councillors has been scrutiny, and therefore we will work to review this area to improve effectiveness.

Financial management

24. Financial management has been a real area of focus for myself, SLT and the wider management team. A secure accurate and sustainable resource base is vital for any business or organisation and therefore as a new Chief Executive I needed assurance that the Council's budget met that test. What became apparent was that the Council had good systems and procedures in place for financial management, however historically there had been difficulties with staff resources leading to the late submission of accounts and that the implementation of new software had not been seamless leading to frustration and a loss in productivity.

25. Delivery of the final accounts for 2017/18 was therefore an immediate objective in order to maintain the confidence of the external auditors. I am pleased to confirm to Council that this objective was achieved thanks to the hard work of Michael Hudson and his colleagues in Finance working with many managers across the Authority.

26. In addition to the closure of accounts a full review was undertaken to establish the current in-year financial position and the profile of spend against the approved budget. This revealed a significant and developing pressure in Adult Services a trend that was also evident in many other councils across the country. Numerous factors were contributing to this position including rising demand, increased levels of complexity and increases in the costs of care due to inflation particularly around pay. Historically this type of in-year pressure had been met from reserves however due to the continued nature of the upward pressures and the lack of a national solution to pay for Adult Social Care, levels of reserves were becoming depleted and therefore a fundamental change in the base funding was required.

27. The scale of the funding pressure was reported to members and stood at £17.9million which represented a significant challenge to not only the Adult Services budget but also to the overall Council's financial sustainability if left unchecked. Reporting this type of variance is never easy however SLT and the Cabinet all responded positively to the challenge and options to bring the pressures under control were identified, discussed and approved during the autumn of 2018. As of today the pressure projected at year-end is less than £3 million and there continues to be work undertaken to reduce this further. An overspend at this level represents less than 1% of the Council's net annual budget and as such is manageable using reserves and does NOT threaten the sustainability of the Council.

28. Dealing with the in-year pressure is only a temporary measure that is only made permanent by future base budget reallocations and therefore this needed to be addressed as part of the 2019/2020 budget process. Council will be aware that this process has been completed and the draft budget for consultation has been published in accordance with agreed schedule and details where significant changes to base budgets will occur in order to provide the Council with a balanced revenue position whilst also protecting priority front line services wherever possible.

Partnership Working

29. No one organisation can deliver all the requirements and expectations for an area and therefore it is vital that good partnerships are developed across all sectors. Worcestershire has an excellent history of partnership working and shared services and this continues to be a core objective and priority for elected members and officers. Being

new to the organisation the need to understand the needs and expectations of our partners was paramount as was the need to develop effective professional relationships with the many different sectors and individuals. This has been a considerable task and has taken time but is a core responsibility for the Chief Executive post thereby ensuring the County Council's views, priorities and interests are represented across all sectors.

30. I would like to take this opportunity to thank colleagues in District Councils, the LEP, the NHS, Business and the voluntary sector who have been both welcoming and also very open and honest in their views about how we can improve partnership working going forward and this is an area of work that I am very keen to progress over coming months and years.

Organisational Culture and Staff Engagement

31. Governance, systems, processes, structures and even financial resources are in themselves important but ultimately local authorities are people based service providers and therefore how we organise, motivate and develop our employees and the way in which we establish values behaviours and expectations are what creates a high performing council. Worcestershire County Council has an excellent baseline in terms of staff relations and consultation, however not all of these methods are leading to the improved organisational culture desired and as such I have introduced new staff consultation and communications focused on providing open and honest information but crucially ensuring that we seek feedback and suggestions in order to ensure senior managers and members are aware of staff views when introducing new policies, ways of working and procurement / commissioning decisions. This approach is starting to bed-in with a clear outcome being the open request made to all staff at all levels of the organisation to be involved in focus groups looking at the future Council review and redesign for which over 120 people volunteered.

32. In addition to this increased communication and empowerment I have proposed a full review of the Councils approach to performance management, appraisals and values, expectations and behaviours. This review combined with the review of the authority will in effect reset the Council culture in a more focused way, defining accountability and recognising and rewarding all staff and managers for the work that members have set as the priorities for delivery. Historically there has been an issue where some decisions have been taken by the political leadership that officers have failed to implement fully. Going forward the new culture and performance management will ensure that once decisions are made, they are implemented in a timely manner. This will not be a quick or simple process however it is a vital component to delivering a sustainable council that can live within the financial envelope we have available and one that still delivers good services to the people we serve.

Looking Forward

33. Much of this report has focused on the work that has been undertaken since taking up the post in March but it is also important to set out where we are heading. The next twelve months will I am sure be both challenging and exciting, key policies such as the expected green paper on Adult Social Care will have major implications as will preparation for the next local Government spending review. At a more local level the outcome of the LEP review is a key issue and the creation of Worcestershire Children

First and the proposed full re-inspection by Ofsted will give the Council the opportunity to have our improvement formally recognised and potentially come out of intervention.

34. Short term the priorities will be to deliver the in-year savings by the end of March as although these are identified they are by no means certain and therefore will need to be managed carefully, and alongside this to review the budget consultation and work with the Cabinet to set the 2019/20 budget. The summer will be about the organisational redesign and cultural change programme, the Ofsted re-inspection, and a renewed drive with our partners to deliver our capital programme, schools improvement and economic development schemes. Autumn will bring the go live for Worcestershire Children First, the introduction of major new software in the form of liquid logic as well as a new budget cycle.

35. The above of course is only a small snap-shot of the work that the Council will continue to deliver and it is important to state that our excellent day to day services will also continue to operate which in themselves have numerous challenges and ongoing management requirements to meet the expectations of our communities.

Conclusion

36. I started by thanking all staff, councillors and partners for the kind and supportive welcome I have received and I would like to reiterate that again. The first few months have involved a steep learning curve but it has been a very interesting and enjoyable challenge. Challenging the status quo has also been a key feature and this has exposed areas where we can improve but has also reinforced that Worcestershire County Council is a good authority. As with all other Local Authorities however we are one that needs to adapt going forward to meet the very different and difficult challenges that face the public sector but I am confident that we can and will find the solutions required and I look forward to working with the Council to deliver them.

Paul Robinson
Chief Executive
Worcestershire County Council