

APPENDIX 1

Vision & Strategic Direction

A View from the Chief Executive

1. Introduction:

1.1 I was appointed Chief Executive in August last year. I have had 6 months to reflect on the Council's culture, performance, organisational structure and the way we do business. That reflection has included many discussions with Officers and Members from across the organisation as well as representatives of partner organisations.

1.2 One of my first actions was to address our culture. I have clearly set out my vision for the type of organisation I think we should aspire to be. The vision is based on 5 principles;

- Continue to develop our own culture, the Denbighshire Way
- Be a Council closer to our communities
- Have clear performance expectations
- Promote strong Officer/Member relations
- Support and develop our staff

1.3 These 5 principles are underpinned by the Council's 4 Values;

- ❖ Integrity
- ❖ Respect
- ❖ Unity
- ❖ Pride

1.4 I have and will continue to promote this vision, which has been well received by Officers and Members. I want us to embrace the principles and values in all that we do. They will serve us well.

1.5 On its own this vision of the type of organisation we want to be is not enough. We need a clear strategic direction in terms of the role of the Council in the future, our business effectiveness and how relevant we are to our communities.

1.6 This paper seeks to provide my view as Chief Executive of that strategic direction. It is designed to promote a discussion and support my proposals for a review of our senior management structure.

2. Sustainable Improvement:

2.1 As a Council we spend significant amounts of revenue and capital every year. These resources are spent to ensure the Council has a positive influence/impact on our communities. Only a small fraction of these resources are generated by ourselves, predominantly via Council Tax on the revenue side and the sale of assets on the capital side.

2.2 The vast majority of our resources are provided by Welsh Government via the annual local government settlement. Historically capital has also been provided via the European Union, which is now to be replaced by funding direct from UK Government.

2.3 We can only spend what we have and much of what we spend is dictated by statutory responsibilities or other conditions/limitations. Spending more money on one worthy cause inevitably means spending less money on another worthy cause. These are never easy decisions, but decisions we are responsible for, and decisions that are open to scrutiny, challenge and sometimes criticism.

2.4 In Denbighshire we have a proud record of managing our resources well, by providing quality services alongside an ambitious programme of capital investment.

2.5 Some high profile examples to underline the point;

- Estyn in their Inspections in 2012 and 2018 awarded the Council an excellent judgement for leadership and management
- This year's Welsh Audit Office, Annual Audit Summary for the Council concluded that we are well placed to maintain our financial sustainability, we have a good track record of managing our budget, that in response to Covid we have shown strong and consistent collective leadership, and that we are making excellent progress in embedding our environmental ambitions.
- Over recent years we have invested over £100m of capital in our modernising schools programme, and even more in maintaining our roads, improving flood defences, developing the economy, the regeneration of Rhyl, modernising our libraries, leisure facilities, housing stock etc.
- At the same time, we have invested significant revenue budgets into our social services, the demand for which increases year on year.

2.6 With careful planning we have achieved all this whilst also making savings which have focussed on increased efficiency and value for money. The savings have therefore had limited impact on the day to day services we provide to our communities.

2.7 This demonstrates the good work we do as a Council.

2.8 We are therefore in a good position to assess the future challenges and how we intend to respond to those challenges.

3. Looking Ahead:

3.1 The financial context, in terms of our revenue settlements for future years, appears to be clear. For the next financial year 2022/23 we have received a favourable settlement, albeit with new responsibilities, alongside our ever increasing budget pressures. We have recently agreed a budget that has covered known budget pressures, whilst setting a Council Tax increase below inflation at 2.95%.

3.2 Future years however do not look so promising. It is clear that the following 2 years (2023/24 and 2024/25) the settlement will, in real terms, represent a reduction in what we have available to spend. At the same time budget pressures are only going to carry on increasing. Members will understandably want to keep Council Tax rises manageable. Our Medium Term Financial Plan reflects this position.

3.3 The future budget position is likely to have a detrimental impact on our ability to deliver services to our communities. This impact is likely to get worse over time.

3.4 To support this view, I refer to Stats Wales who have forecasted that the population of Denbighshire will increase by 2.8% between 2020 and 2040 from 95,655 to 98,365 including a 4.8% **decrease** in the number of the working age population and a huge 29.4% **increase** in the number of people aged 65 and over.

3.5 It is clear that the demand on social care as a result of this ageing population along with increasing costs of providing care, means in the future we are unlikely to have the budgets required to provide the services we would want.

3.6 There are similar pressures in a number of other service areas and these pressures are also likely to carry on increasing.

3.7 I am of the view that following 2022/23 the financial position for the Council will be extremely challenging for some years to come. So challenging in fact that our ability to provide services will come into doubt.

4. The long term reality:

4.1 We appear to have a choice;

- Continue with current service models and cut budgets each year to try and cover the increased pressures. This would mean a process of managers recommending unpalatable recommendations and Members having to make difficult decisions that in truth they will not want to make. This position overtime will threaten the viability of services and ultimately the Council. To date Members, have in the main been protected from having to make these difficult decision, but when they have, there

have been understandable tensions, which then takes up further time and resources in an attempt to find a resolution a balance the budget.

- The alternative is we look at a transformational redesign of how services are delivered, so that they cost us less. This would mean a different looking Council to the one we know, and dare I say have become too comfortable with. A Council that modernises services, considers and assesses different models of service delivery, builds capacity and resilience in our communities, supports and seeks to influence and work with partner organisations and maximises the opportunities of new government initiatives and funding opportunities. A Council, acting as a facilitator, which can work closely with our communities so they can identify what they need to thrive and how services may be delivered, be they by the Council or partner organisations.

4.2 Pursuing such alternatives will take careful planning and time to implement. Even with this proactive approach to change, given the budget forecasts post 2022/23, Members will still need to be prepared to make difficult decisions in future years around savings. But as a result of implementing these alternatives it is envisaged that the degree of savings required will not be so severe, and we can protect as far as possible services to our communities.

4.3 These challenges are significant, but our culture here in Denbighshire is to embrace such challenges and look for opportunities. To do the right thing.

5. The new Council:

5.1 The Local Government Elections take place in May this year, so after 5 years we will have a new Council. It will of course be for the new Council to make important decisions on matters of strategic direction, budget, performance etc. Together the Council's new Cabinet and wider membership, working with me and the senior leadership team will find a consensus and an appropriate way forward. As Chief Executive I will ensure I lead and influence that discussion.

6. Strategic Direction; The Future:

6.1 It is incumbent upon me as Chief Executive to set out my vision for the future strategic direction of the Council. I have already set out my vision for the type of organisation we should be, based on the 5 principles and 4 values. I now want to set out a clear strategic direction.

High level commitments; The Corporate Plan 2022 - 2026;

6.2 We are well advanced in our preparations for a new Corporate Plan 2022 – 2027. The new Council will consider and shape the work done to date, so they are able to approve a Plan they can support and get behind, in the same way as this Council has done with the current Corporate Plan.

6.3 The new Corporate Plan will in effect be the new Council's "Programme for Government" and will contain strategic themes and associated key pledges. Their delivery will require the highest level of co-ordination and integration across the whole of the Council, but particularly at the senior corporate level.

6.4 The Corporate Plan will be underpinned by each Head of Service producing their own Service Business Plan, which will contain the necessary level of detail at the operational level.

6.5 Although we have a good track record of delivering the aspirations in our Corporate Plans, the delivery of the next Corporate Plan will be a significant challenge over the life of the new Council.

Operational day to day service delivery to our communities;

6.6 As important as the Corporate Plan is to the Council and our communities, the reputation of the Council is also influenced by how well Services provide their core functions i.e. their day to day activities.

6.7 I believe we need to refocus on improved customer care and service delivery across our services. This is primarily the responsible of the Heads of Service. Services should strive to sharpen up their approach to customer care. This doesn't mean agreeing to every service request, but to be clear in their communications about what can be done and when, and what can't be done and why. We need more of a customer focus.

6.8 Services should ensure they do more to promote the excellent work they are delivering in our communities.

6.9 We need our Heads of Service to be strong, effective managers and leaders for their Service area, taking responsibility for performance, and the associated wider reputational issues. As Chief Executive I want to support and empower our Heads of Service to focus on managing their Services. I will expect our Corporate Directors to do the same.

6.10 We also need to promote and support the role of our politicians as the voice of the Council in their communities. Members have an important role in championing the work of the Council, an organisation that they are part of.

6.11 I'm not suggesting we don't already do these things. But we can always do more and be better. This is the day to day operational challenge for me as Chief Executive, the Corporate Directors and most importantly the Heads of Service, who ultimately have responsibility for the delivery and performance of their service.

Transformational Change:

6.12 The delivery of the cross cutting Corporate Plan and the day to day core functions in services is a significant challenge in itself. But, however hard we try and however well we perform in these areas, we are potentially destined to fail in the longer term because of the financial context and external challenges we face, as outlined above.

6.13 We therefore need a third approach, a medium to long term transformational change to our established way of doing things. Some will have reservation about change, as they will want to protect the way we currently do things, as they believe that will best serve our communities. But trying to protect the status quo will have longer term implications to the sustainability of what we are able to do, which will be to the detriment of our communities. Therefore, we must be brave now in order to give us time to assess and implement the big transformational changes that are needed.

6.14 We have to all accept that the health and wellbeing of our communities is more important than institutional interests. This must be reflected in our future vision. We must accept that the Council may not always be able to provide services directly and may not always be the best organisation to deliver certain services. Provided that good, efficient services are supplied to our communities, whoever provides them shouldn't be the major concern/issue. Particularly as the alternative might be no service at all.

7. What do we mean by Transformational Change?

7.1 There are a number of options we need to consider;

Influence demand for Services:

7.2 This will involve new ways of delivering proactive preventative services encouraging greater individual and family independence along with wider community resilience and capacity. Without such an approach demand will just keep increasing beyond the point we have the resources to respond. We therefore need to focus on restricting the ever increasing demand for certain services.

7.3 The importance of restricting demand for services is particularly acute in social care. We need greater preventative activities that can slow down the increasing demand for care services for our young, our ageing and our vulnerable residents. We can ensure our residents are supported in many different ways, which can limit their future demand for Council services.

7.4 Such preventative work does not need to be located exclusively within social care teams. In fact, I support the view that they should be located outside of traditional social care settings, so that they are given the resources necessary to be effective. Having those preventative services within social care functions does run the risk that they can get "lost" against what is always seen as the higher short term priority of addressing the social care needs. We need to do both.

7.5 The preventative work doesn't need to be provided by the Council alone. Working with the third sector and other partner organisations we can use our position of influence to add value to what other organisations are able to achieve.

7.6 Changing demand in this way is not a quick fix. It will take time before the return on investment is realised, but if successful it will have long term benefits to the Council and our communities.

Collaboration/Partnership Working:

7.7 We need to continue to develop practical ways for achieving improved service outcomes through co-production and integrated services with partners. Whilst there is much going on in the region in terms of collaboration, we have to be better at evaluating its effectiveness, seek improvements as appropriate and find new opportunities.

7.8 By working with a wide range of partners we can develop collaboration solutions to common problems/issues and local aspirations, which will be more efficient and cost effective, whilst still benefiting of our communities.

Regional Governance:

7.9 Welsh Government have now established regional government as an alternative to Local Government Reorganisation (LGR), with the establishment of the Corporate Joint Committees (CJCs). The North Wales CJC will require investment and resources from the partner organisations in order to ensure it is properly established and effective.

7.10 Being a partner in regional government provides us with an opportunity to influence agendas that as individual Council would not be possible. The Economic Ambition Board is a good example of this. By having a regional governance framework, we have attracted circa £240m of government funding for the region. By improving the regional economy and social wellbeing we also ensure improvements for our communities in Denbighshire.

7.11 We need to identify senior leadership resources in order to maximise the opportunities for our communities as a result of the new CJC.

Government Funding initiatives:

7.12 We have for many years attracted much capital investment from Welsh Government and Europe. The European funding streams have ended, and are being replaced by new UK Government funding opportunities such as the Levelling Up Fund, Community Renewal Fund, Shared Prosperity Fund etc. These funds are being administered by UK Government direct to Local Authorities and regional government.

7.13 We need to ensure we have the senior leadership capacity to attract these alternative funding opportunities and the management/governance arrangements to ensure we can effectively deliver the projects for the benefit of our communities.

Alternative service delivery models:

7.14 We can continue to explore innovative new models of service delivery. We have shown the potential for such an approach by establishing Denbighshire Leisure Limited (DLL) to deliver our leisure functions.

7.15 Such alternatives need a clear business plan before they should proceed and can include Trading Companies (such as DLL), Social Enterprises etc. as alternatives to services directly managed by the Council.

7.16 We learned through the creation of DLL that there is a requirement to invest in appropriate corporate support, including senior leadership, project management, finance etc. If we are to consider introducing more alternative delivery models we need the appropriate senior leadership capacity.

Internal Initiatives:

7.17 Digital services will be crucial to establishing more efficient methods of supporting and delivering our services. Covid has shown us what is possible in terms of how modern, innovative digital services can deliver transformational change in terms of flexible working. Our associated New Ways of Working (NWOW) programme will build on what we have learned during Covid and if well planned should deliver savings and efficiencies in terms of the number and use of our office buildings, staff travel, reduced sickness, general service delivery efficiencies, work life balance etc. We require appropriate senior

leadership capacity and management systems to ensure we maximise the opportunities and create a flexible, agile, high performing, engaged and empowered workforce, while at the same time supporting the health and wellbeing of our staff.

7.18 We face issues with recruitment and retention of staff, which can be addressed by creating the right culture where we grow and develop our managers and leaders of the future, where officers have a clear career path and are trained to meet the new challenges ahead. This requires strategic vision and senior leadership commitment.

7.19 We also need to be more effective in addressing the constitutional challenges that the Local Government elections will bring. We need the senior leadership capacity to support our Members in how they engage with the organisation, so that they can better serve their communities.

Conclusion on transformational change:

7.20 Our ability to effectively plan and implement these potential transformational changes will depend on securing increased strategic and senior capacity within in our senior leadership team. Should we be successful, we will reap the rewards in terms of savings, cost avoidance, service resilience etc. which in the long term will sustain services and benefit our communities.

8. Conclusion:

8.1 We require a senior leadership structure that acknowledges the history and culture of the organisation in terms of where we are, along with a clear understanding of the external challenges we face including potential reduced funding and increased budget pressures.

8.2 That senior leadership structure requires increased capacity to plan medium to long term transformational change, alongside the delivery over the next 4 years of our ambitious emerging Corporate Plan, whilst also delivering our day to day services to an acceptable level having regard to the allocated resources. This all needs to be delivered within the context of the 5 principles and 4 values guiding the type of organisation we want to be.

8.3 We need to realign our leadership and management skills and structure to best position ourselves to mobilise the transformation change needed and make the necessary difficult decisions. We need the capacity to allocate resources appropriately to motivate and train our staff, deliver services and projects that enhances our communities and the Council's reputation.

8.4 A strategic direction that is not focused just on making cuts to service to sustain budgets that are forever under pressure, but a more positive approach that looks to invest in alternative methods of service delivery, that transforms the way the Council works, a confident Council that is outward looking, that supports its communities. A Council that does the right things and makes the right decisions.

8.5 The start of this journey is to ensure we have the appropriate senior leadership team and structure in place. Delivering this strategic vision can only happen through collective leadership, accountability and creating the right culture. As Chief Executive I will be accountable for delivering this vision, but I need the appropriate senior leadership structure in place to take responsibility for delivering on these aspirations and ambitions.

8.6 I have laid out by proposals for a review of the senior leadership team and its structure, in my second paper, which is entitled, "A Review of our Senior Leadership Structure". In considering my vision for strategic development, you need to have regard to my proposals for a new senior leadership structure.

Graham H Boase

Chief Executive

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