


Cabinet 16 May 2024	 TOWER HAMLETS
Report of: Steve Halsey, Chief Executive	Classification: Unrestricted
Transforming Tower Hamlets Council: building a stronger future	

Lead Member	Mayor Lutfur Rahman
Originating Officer(s)	Ayesha Hakim Rahman, Acting Deputy Director of Strategy, Improvement & Transformation
Wards affected	All
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	N/A
Exempt information	None
Strategic Plan Priority / Outcome	All

Special circumstances justifying urgent consideration / Reasons for Urgency

This report was not published by the statutory deadline as due to the unavoidable rearranging of the Cabinet meeting, administrative processes had to be shortened and it did not prove possible to complete for this report in time for the initial agenda publication. It is important that this report is considered at this meeting as it will inform the Mayor and Cabinet's decisions to ensure key administration priorities are met.

Executive Summary

Following the appointment of the Chief Executive in July 2023, Tower Hamlets Council embarked on its ambitious 'People First' transformation journey. This report details the significant progress made in addressing key concerns identified by the Head of Paid Services:

- Fostering a more collaborative and performance-driven culture.
- Securing greater financial understanding, compliance & stability.
- Embedding a resident-centric focus.
- Improving transparency and accountability.
- Demonstrating measurable progress across key performance indicators and achieving external recognition.
- Making significant strides in the delivery across all strategic priorities.
- Continuing commitment to creating a workforce to reflect the community.

- Ensuring continued adherence to the Best Value Duty.

While celebrating these achievements, Tower Hamlets remains committed to continuous improvement. Future focus areas include:

- Deepening resident engagement, with enhanced consultation.
- Building on long-term financial strength, for sustainable service provision.
- Driving innovation and efficiency, through empowered directorates.
- Enabling a highly skilled and motivated workforce, by prioritising staff development and engagement.

Understanding, managing, and mitigating risks are crucial for sustained improvement. The council is continuously refining its risk management approach and addressing legacy issues, while staying alert to emerging threats. Additionally, the council is actively mitigating risks associated with its operating environment, as detailed in the wider reports presented in this Cabinet meeting agenda pack.

Specifically, these reports address risk mitigation strategies in:

- Leisure insourcing
- Housing Options
- Scrutiny

The May 2024 HR Committee and Audit Committee agendas address resourcing capacity for change initiatives, and strategic investments in HR, Recruitment and Procurement, to further mitigate identified risks.

Tower Hamlets Council is demonstrably in control of its transformation journey. With a commitment to continuous learning and improvement, the council is confident in positioning itself as an exemplary local authority that delivers exceptional value for its residents.

Recommendations:

For the continued advancement of Tower Hamlets Council's transformation journey, the Mayor in Cabinet is recommended to:

1. Note the council's significant achievements over the past year in building a stronger Tower Hamlets.
2. Support the commitment outlined in Section 3.6 to redefine the corporate centre. This restructuring aims to enhance efficiency and effectiveness, ultimately maximising value for the council.
3. Note that the risks identified within this report are addressed as part of the wider reports presented in this Cabinet meeting agenda pack. These reports include Leisure Insourcing, Housing Options, and Scrutiny. Additionally, the May 2024 HR Committee and Audit Committee agendas address related risk mitigation strategies in HR, Recruitment, and Procurement.

By adopting these recommendations, the Cabinet can demonstrate its commitment to continuous improvement and ensure Tower Hamlets Council remains on a path towards becoming an exemplary local authority.

1 REASONS FOR THE DECISIONS

- 1.1 On 14 September 2023, the council's Chief Executive proactively wrote to the LGA, suggesting enhanced scrutiny, as part of the upcoming Local Government Association (LGA) Peer Review, on the following key areas of concern:
- Alignment with mayoral priorities: ensuring the organisation fully supports the achievement of mayoral priorities and overcomes any potential of a 'two council' culture.
 - Performance management: addressing shortcomings in performance oversight, particularly regarding financial management, service plan development, and annual staff reviews.
 - Leadership visibility: strengthening visible leadership from senior offers, to bridge the gap with the wider workforce.
 - Culture and perception: countering negative media coverage and the perception of financial mismanagement.
- 1.2 The LGA Peer Review that followed, acknowledged the council's ambitious and well-understood strategic priorities across members, officers, and partners, as well as the fresh impetus brought in by the new administration's leadership.
- 1.3 Areas for improvement included the need for a comprehensive long-term strategic vision and financial sustainability, as well as identified challenges, including inefficiencies within elements of the corporate centre and a potential 'two council' culture existing between senior management and the Mayor's Office.
- 1.4 This report, 'Transforming Tower Hamlets – building a stronger future', presents significant opportunities:
- Demonstrated commitment to improvement: by endorsing this report, the Cabinet can demonstrate its commitment to actively addressing the challenges presented by the LGA Peer Review.
 - Building on progress: while acknowledging the council's achievements, the report also identifies areas requiring ongoing focus. The broader Cabinet agenda items, along with the May 2024 HR Committee and Audit Committee agendas, propose specific strategies to address these challenges and solidify Tower Hamlets Council as a unified and effective organisation.

2 ALTERNATIVE OPTIONS

- 2.1 The papers presented to this Cabinet proposes a comprehensive strategy to mitigate the challenges identified in the LGA peer review. However, it is important to acknowledge alternative approaches:
- 2.2 Partial implementation: choosing only select recommendations from wider Cabinet items could result in a disjointed approach. This may not fully address the identified challenges and could create a 'broken narrative' that hinders the council's overall transformation goals.
- 2.3 Inaction: choosing not to act on the recommendations would represent a missed opportunity. It would limit the council's ability to deliver exceptional

value to residents and, in turn, hinder the council's aspiration to become an exemplary authority.

- 2.4 While these alternatives exist, this report strongly recommends pursuing the comprehensive approach. This will embed a unified council culture, strengthen leadership collaboration, and ultimately lead to improved service delivery for residents.

3 DETAILS OF THE REPORT

3.1 Facing the challenge

In July 2023, Tower Hamlets Council embarked on a significant transformation journey. This decision stemmed from the need to address a series of pressing challenges that had accumulated over time. These challenges hindered the council's ability to effectively fulfil its functions and comply with the Best Value Duty. The People First transformation journey was designed to address the following key areas inherited by the current administration:

- 3.1.1 A culture of non-compliance: a lack of urgency towards strategic priorities and deadlines hampered innovation and created confusion due to conflicting priorities. Historic high staff turnover amongst the most senior staff further exacerbated the situation. This non-compliance was evident in several areas including low service plan completion rates (23%), My Annual Review (MARS) completion rates (22%), and a lack of robust business continuity planning.
- 3.1.2 Financial instability: a significant £40 million budget gap loomed, with no clear plan or strong governance structures to address it. Financial accounts remained incomplete since 2016/17, hindering transparency and control over spend.
- 3.1.3 Internal focus and disconnectedness: the existing Target Operating Model (TOM) prioritised internal processes over resident needs, outcomes, and strategic goals. Limited understanding of the TOM among staff outside the corporate centre further hindered its effectiveness in driving innovation.
- 3.1.4 Performance shortfalls: key performance indicators (KPIs) displayed concerning trends, including missed bin collections, rising temporary accommodation figures, and lagging performance in affordable housing and homelessness prevention, when compared to other London boroughs.
- 3.1.5 In acknowledging the urgency of these critical issues, the council undertook a decisive shift by initiating its transformation journey. This journey prioritised a 'People First' approach and focused on addressing these long-standing challenges to build a stronger future for Tower Hamlets.

3.2 'People First' transformation journey

In July 2023, Tower Hamlets embarked on an ambitious 'People First' transformation journey, with the launch of the council's dedicated transformation programme. This programme prioritised investing in its people, while focusing on three key objectives:

- Strengthened strategic alignment: ensuring all activities, projects, and decisions, align with the council's clearly defined strategic priorities. This fosters a more cohesive approach and maximises the impact of resources.
- Building a culture of continuous improvement: tightening corporate oversight of budgets and staffing (establishment) and cultivating a mindset focused on continuous improvement. This ensures efficient resource utilisation and a commitment to excellence in service delivery.
- Resident-centric focus: placing all communities and residents at the heart of the council's work. This ensures that all decisions and initiatives are driven by the needs and aspirations of those we serve.

- 3.2.1 To facilitate informed decision-making and robust accountability, the programme established a comprehensive transformation governance framework. This framework included the creation of five new boards:
- 3.2.2 Transformation Advisory Board (TAB): comprised of distinguished experts like Alison Griffin (CEO, London Councils), Martin Esom (longest-running CEO of any London authority), and Sir Stephen O'Brien (former Chair of Barts Health NHS Trust and NHS Tower Hamlets), the TAB provides invaluable guidance on the council's strategic transformation journey and culture change initiatives. The Local Government Association (LGA) Corporate Peer Review Team recognised the TAB's excellence and recommended that it oversee the LGA CPC Action Plan.
- 3.2.3 Budget Board: this board ensures the council implements the necessary controls and measures to achieve agreed financial goals and efficiencies. This includes overseeing the £43 million agreed financial targets for the next three years (including income generation strategies) and the £5 million corporate restructure programme that forms part of this.
- 3.2.4 Reorganisation Board: this board oversees the swift and efficient execution of all new restructure initiatives. These restructures will enable improved alignment with strategic priorities, while further enhancing financial efficiency.
- 3.2.5 Efficiency Board (now integrated into Budget Board): previously responsible for identifying and implementing cross-council efficiencies, the Efficiency Board has now been strategically integrated into the Budget Board. This consolidation streamlines governance and fosters a more holistic approach to financial management. The Efficiency Board's valuable contributions significantly impacted the council's overall savings targets. The Board also played a key role in developing the council's new resident-centric Target Operating Model (TOM).
- 3.2.6 People Resourcing Board (now integrated into Reorganisation Board): previously responsible for ensuring robust procedures for all recruitment approvals, the People Resourcing Board has now been integrated into the Reorganisation Board. This integration strengthens oversight and control over staffing levels (establishment), while aligning with the council's broader restructuring efforts. The Board was key to embedding robust procedures for all recruitment approvals.
- 3.2.7 The transformation governance framework is a dynamic entity that adapts to the evolving needs of the organisation. A review in December 2023

streamlined the boards, resulting in the updated structure of three key entities: Transformation Advisory Board, Budget Board, and Reorganisation Board. This revised governance framework, as shown in Diagram 1, ensures efficient governance and continues to support the council's ongoing transformation.

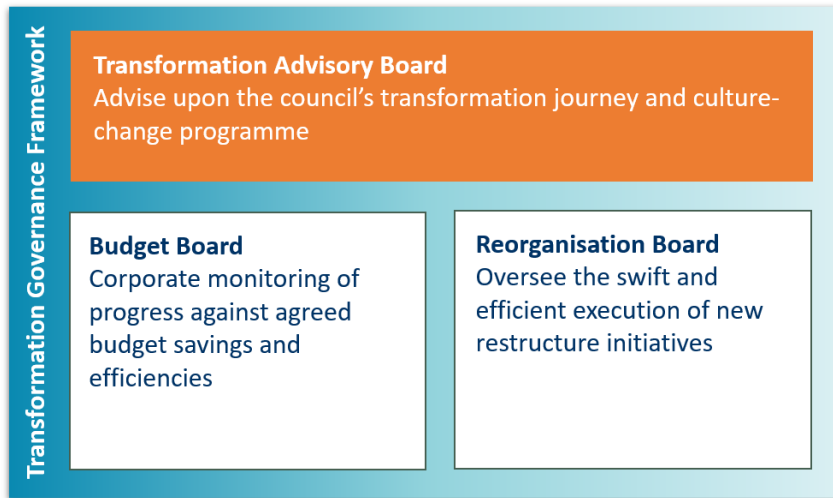


Diagram 1: Updated transformation governance framework (January 2024)

3.3 **Redefining the Target Operating Model: enabling a resident-centric approach**

A Target Operating Model (TOM) serves as a vital blueprint for any organisation. It outlines the desired future state of operations, encompassing how the organisation will function to achieve its strategic objectives. An effective TOM acts as a bridge between strategic intent and operational execution, ensuring alignment across all levels of the organisation.

- 3.3.1 Tower Hamlets has a long-standing commitment to prioritising residents. However, the previous TOM (2019 – 2022) deviated from this core principle. As illustrated in Diagram 2, the prior model focused primarily on internal processes, with limited consideration of resident need or external factors.

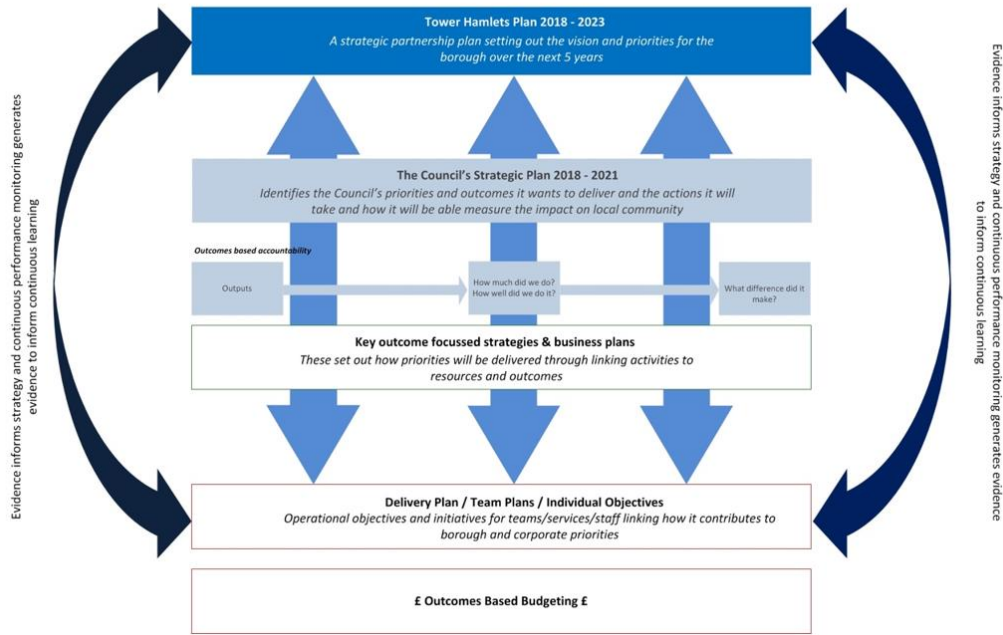


Diagram 2: Previous Target Operating Model (2019 – 2022)

3.3.2 Further reinforcing this internal focus, the accompanying blueprint (Diagram 3) heavily emphasised internal structures and processes using the McKinsey 7S model, neglecting the resident experience. Additionally, outsourcing the development of this blueprint limited staff engagement and understanding of the TOM's intended use and purpose.

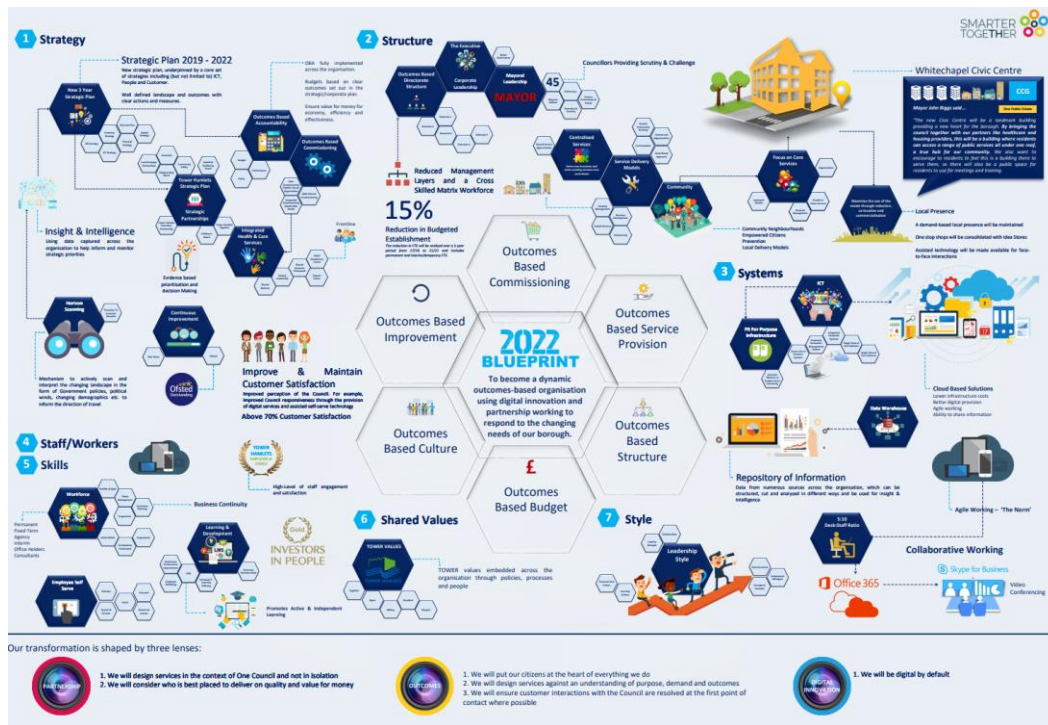


Diagram 3: Previous blueprint (2019 – 2022)

3.3.3 Recognising the need for a resident-centric approach, the council developed a new draft Target Operating Model (Diagram 4), scheduled for launch in October 2024. This extended timeframe allows for comprehensive engagement with all stakeholders, including staff, council members, the Young Mayor, community groups, and, most importantly, the residents themselves.



Diagram 4: Draft new Target Operating Model (April 2024)

3.3.4 The new TOM is built upon the following six core principles, that will guide decision-making and shape the council's new way of working:

- Value-driven and cost-effective: prioritises efficient resource allocation while maximising resident value.
- Community-led: places residents at the centre of decision-making processes, where it impacts them.
- Collaborative: promotes teamwork and knowledge-sharing across the council.
- Transparent: ensures clear communication and open access to information.
- Empowered to innovate: encourages directorates to lead creative solutions to improve resident services.
- Accountable: establishes clear lines of accountability for achieving resident-focused outcomes.

3.3.5 The final version of the TOM, launching in October 2024, will be accompanied by a clear and accessible blueprint, developed in-house (replacing Diagram 3). This commitment to transparency ensures all

stakeholders have a voice in shaping the final model and understanding its value and impact.

3.4 Transformation Dashboard: measuring success

A critical element of our transformation journey is the development of a dedicated Transformation Dashboard (Diagram 5). This innovative tool, recommended by the Transformation Advisory Board, provides data-driven insights into our progress across ten key strategic indicators.

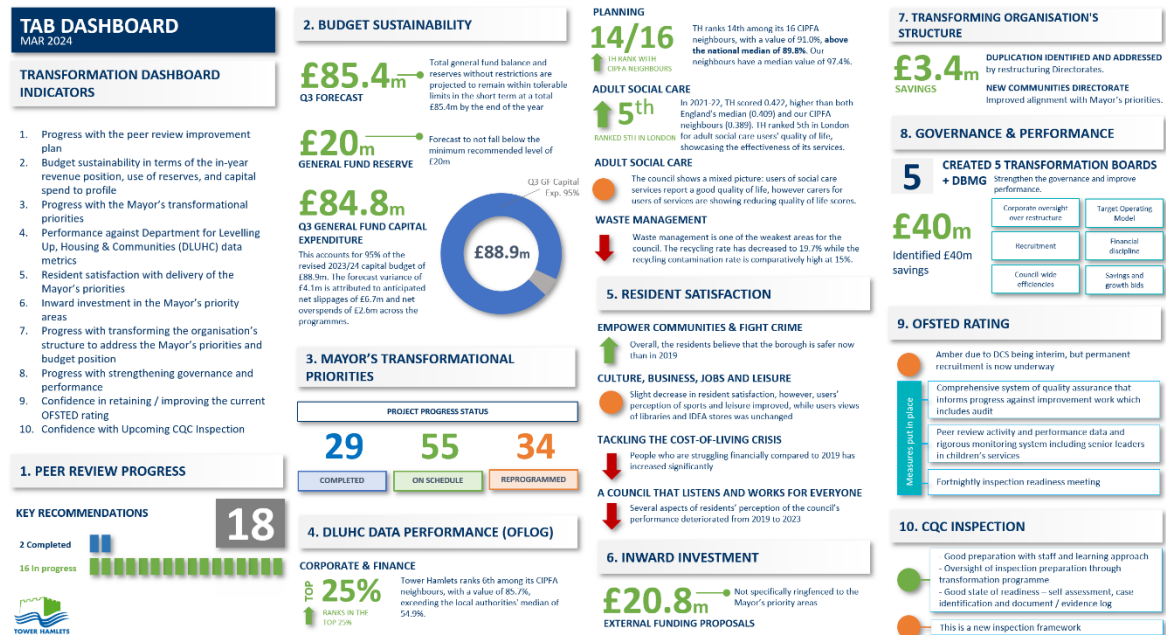


Diagram 5: Transformation Dashboard (April 2024)

3.4.1 The dashboard currently presents a quarterly update on the following ten strategic indicators, with the understanding that these measures will be continuously refined and expanded to reflect the council's evolving transformation priorities:

- Peer Review action plan progress: the councils advancement on recommendations arising from the peer review process.
- Budget Sustainability: in-year revenue performance, resource allocation and adherence to capital spending profiles.
- Mayoral priorities: progress in achieving the mayor's key transformational priorities.
- Department for Levelling Up, Housing & Communities (DLUHC) performance: the council's performance against data metrics established by the Office for Local Government (Oflog).
- Resident satisfaction: resident satisfaction with the delivery of the mayor's priority areas.
- Inward investment: the level of inward investment attracted to the mayor's priority areas.
- Organisational transformation: progress in restructuring the council to align with the mayor's priorities and budgetary position.

- Governance and performance enhancement: strides made in strengthening governance frameworks and improving overall performance.
- OFSTED confidence: the council's confidence in maintaining or improving its current OFSTED rating.
- CQC inspection readiness: the council's preparedness for the upcoming Care Quality Commission (CQC) inspection.

3.4.2 To further enhance the capabilities of the transformation dashboard, the council plans to migrate it to Microsoft Power BI, a powerful business intelligence platform.

3.4.3 By leveraging the Power BI platform, the transformation dashboard will become a more robust and insightful tool for monitoring progress and driving continuous improvement. This will ultimately support the council in achieving its long-term transformational goals and delivering exceptional value to the borough.

3.5 Optimising the organisational structure for improved strategic alignment

The council's previous organisational structure (Diagram 6) presented significant hurdles in achieving strategic goals. Core services were fragmented across broad directorates, hindering a focused approach on key priorities. Additionally, historical turnover at the director level hampered stability and the development of a long-term vision.

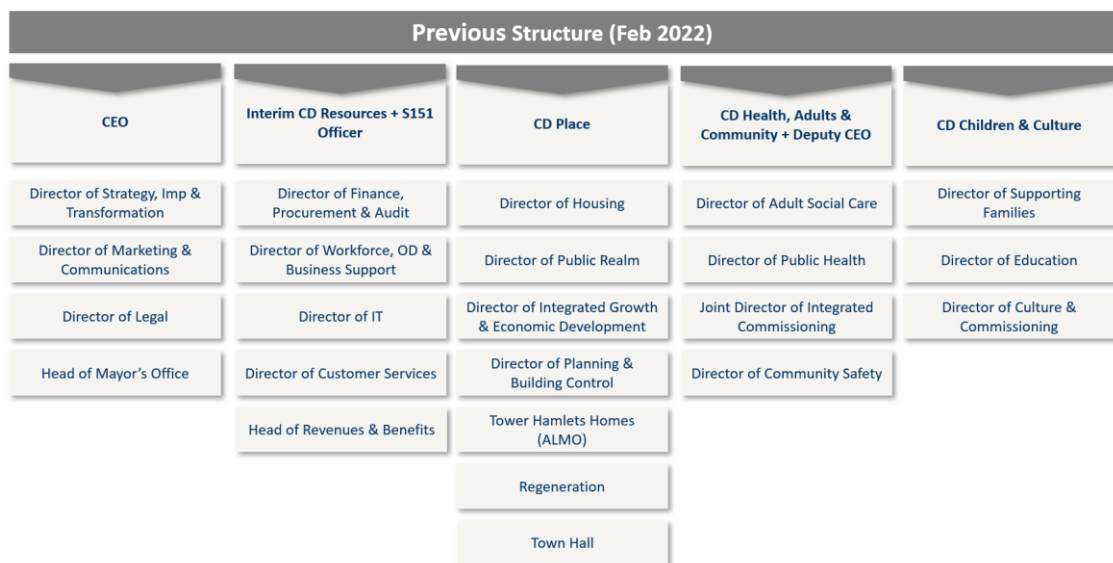


Diagram 6: Previous corporate structure (February 2022)

3.5.1 To address these challenges, the council implemented a revised corporate structure (Diagram 7). This streamlined approach introduced two new directorates: Communities and Housing & Regeneration. The reorganisation fosters a stronger alignment between the council's strategic priorities and departmental functions. The current structure has the added benefit of:

- Enhanced focus: promoting a more laser-focused approach on key priorities.

- Improved collaboration: encouraging greater communication across service areas, fostering a more cohesive approach to service delivery.
- Long-term vision: promoting stability by establishing clear lines of ownership and accountability.



Diagram 7: Current corporate structure (May 2024)

3.5.2 A paper scheduled for the May 2024 HR Committee meeting will outline plans for Phase 2 of the corporate restructure. This phase, targeted for implementation by October 2024, addresses key risks within the corporate centre and Housing and Regeneration directorate. These areas require focused attention in the face of evolving challenges. The restructure will prioritise several key initiatives:

- Strengthening core functions including HR, Procurement, and Scrutiny functions
- Optimising the corporate centre to establish a leaner, but more effective central structure.
- Mainstreaming the Mayor's Office to seamlessly integrate with the broader council operations.
- Addressing challenges in Housing and Regeneration, with a focused restructure to address several pressing issues, including new regulatory and consumer standards, a challenging external environment, and the insourcing of THH.

3.5.3 By implementing these targeted measures, the council will be well-positioned to mitigate risks, enhance efficiency, and deliver exceptional services across all areas.

3.6 Redefining the corporate centre: maximising value through smart design

The next phase of organisational redesign is focusing on optimising the role of the corporate centre. This presents a significant opportunity to deliver greater value for money, and striking the right balance is crucial. An ineffective corporate centre can hinder the council's efficiency and effectiveness, leading to wasted resources, diminished focus, and ultimately, lower staff morale.

- 3.6.1 The council is committed to redefining the corporate centre to ensure it delivers stronger and more impactful outcomes for the borough. This involves identifying how the centre can best support directorates by streamlining functions and empowering directorates with the tools they need to drive innovation.
- 3.6.2 This initiative is not about eliminating functions entirely, but about strategically relocating them within the council and investing in crucial areas to enhance results. Risk management will remain paramount throughout the process, ensuring a smooth transition to a more effective corporate centre. Critical central services will be maintained during this transition, supporting the delivery of the Medium-Term Financial Strategy (MTFS).
- 3.6.3 The council is actively developing a more robust role for the Resources directorate, with investments made in critical functions like HR and IT. This will empower directorates and improve overall service delivery outcomes. Proposals for targeted investment in key corporate centre activities are included in the May 2024 Audit Committee and HR Committee agendas. These strategic investments, totalling c£3 million, will strengthen core services and position them appropriately to deliver the most value across the organisation.
- 3.6.4 The current HR function is experiencing growing challenges and is not fully meeting the needs of the council. This is leading to frustration across the organisation and hindering efforts to achieve optimal performance. A high-level summary of activity to deliver an improved service is attached at Appendix 1. Expected benefits include:
- Increased efficiency and responsiveness through empowered local HR teams.
 - Improved collaboration and communication across the council.
 - Enhanced employee engagement leading to higher performance.
 - Clear roles and priorities for HR personnel.
- 3.6.5 Additional areas of focus in the corporate centre include:
- Data-driven decision making: the council is firmly committed to fostering a data-driven organisational culture. This commitment translates to increased investment in data integrity and robust insights. By leveraging the capabilities of Microsoft Power BI, the council will empower informed decision-making across all levels, offering several advantages:
 - Enhanced data visualisation: clearer and more impactful presentation of progress against key measures.
 - Advanced data analytics: deeper insights into trends and relationships between various metrics.
 - Improved accessibility: secure sharing across different departments and stakeholders.
 - Real-time updates: ensuring everyone has access to the most current information.

In facilitating a shift towards a data-led organisational culture, a Power BI Implementation Plan can be found at Appendix 2.

- Enhancing procurement for success: the council recognises the critical role of its Procurement function in facilitating the procurement of the services and contracts crucial for the delivery of both statutory and non-statutory third-party services. Procurement places a vital role in managing a range of legal and reputational risks while simultaneously acting as an enabler to the business. The ideal procurement function consistently provides customer-focused solutions, even under ever-challenging circumstances. However, certain areas within procurement are not currently meeting the required standard, presenting a risk of non-compliance, service delivery issues, and potential reputational or financial damage. Appendix 3 outlines a high level plan to evaluate the change and operating model of the council's procurement function, to ensure:
 - Compliance: strict adherence to procurement regulations, the council constitution, and standing orders.
 - Value optimisation: securing the best possible service at the most competitive prices through creative and proactive approaches.
 - Timeliness: efficient procurement processes to ensure timely delivery of required services.
 - Collective responsibility: a collaborative environment, fostering responsible procurement practices across the council.
- Strategy, Improvement & Transformation (SIT) review: the council is committed to strengthening the effectiveness of the SIT function. A comprehensive review will be undertaken to assess the current structure and identify opportunities for improvement. Where clear misalignment exists between SIT functions and their most appropriate placement, relevant activities will be reallocated to directorates, aligning with the new Target Operating Model's (section 3.3) aims to enable the increased empowerment of directorate decision-making. Where multiple viable configuration options exist, the SIT teams will remain in place within the existing structure until the SIT and Strategy, Policy and Improvement (SPI) review takes place. Finally, functions deemed most effective when delivered centrally will be retained but will operate with a more prominent profile and greater decision-making authority. SIT will maintain focus on core strategic development functions, while continuing to prioritise effective performance management, accountability, and delivery assurance across the council.

3.6.6 This comprehensive strategic review will enable a more efficient and impactful corporate centre for Tower Hamlets Council. This optimised centre will empower directorates, ultimately delivering improved outcomes and exceptional value for the residents of our borough.

3.7 Mitigating pressing risks: the cornerstone of continuous improvement

Achieving continuous improvement within Tower Hamlets council requires the proactive mitigation of critical time-sensitive risks, forming a cornerstone of our ongoing transformation journey.

3.7.1 The accompanying reports within this agenda pack detail strategies for mitigating specific risks across key areas:

- Leisure Insourcing: this report address risk mitigation strategies related to bringing leisure services back in-house.
- Housing Options: this report focuses on decisions to mitigate risk associated with the Housing Options service.
- Scrutiny: this report explores risk mitigation strategies for the council's scrutiny function.

3.7.2 These reports provide a deeper dive into their respective risks and propose specific mitigation strategies. It is important to recognise the interconnectedness of these risks. Their successful mitigation will have a cascading effect, creating a more stable and efficient operational environment across the entire council. This, in turn, will position the council to achieve its long-term strategic transformation goals.

3.7.3 This report encourages thorough examination of the proposed mitigation strategies within the wider reports and prompt action to address these challenges. Through decisive action and transformative efforts, the council is building a stronger Tower Hamlets, well on its way to becoming an exemplary local authority, delivering exceptional value for its residents.

3.8 **A year of transformation: key achievements**

Tower Hamlets has undergone a remarkable transformation journey in the past year, with a range of achievements and progress across various areas over the last year.

3.8.1 Key accomplishments include:

	Previous	Now
Awards	2022 / 2023 Shortlisted for 14 awards; of which 5 awards won or commended	2023 / 2024 Shortlisted for 39 awards, of which 16 awards (to date) won or commended
Investor in People	2020 Retained Silver status with 8 flecks of Gold (Silver not met in 2017)	2023 Retained Silver status with 11 flecks of Gold (aiming for Gold in 2025) "The lack of responsibility and accountability that some managers displayed in 2020 for employee engagement was evident in the interim period when compliance with My Annual Review (MARS) fell sharply as senior leaders did not apply sufficient will and consequences for non-compliance. Thankfully the new CEO has been forthright on this and service planning and completion rates have quickly soared to above 90% (the People and Culture strategy target throughout is 95%)."
LGA Corporate Peer Challenge	2021 "The key to achieving immediate successes by the council is to ensure that there is a clear understanding of	2023 "The council has a widespread understanding of the challenges, as well as the opportunities for Tower

	<p>the mayor's priorities for the Borough by the community, members, and officers. This should be widely owned, shared and promoted so that the officers of the council can ensure there is a focus on them in the present and future through planning and delivery within clear timescales.”</p>	<p>Hamlets and there is an ambitious set of priorities that are widely understood by members, officers and partners. The current Council Strategic Plan for 2022 – 2026 reflects the priorities that were set out in the Mayor's election manifesto.”</p>
Performance	<p>2022 / 23</p> <ul style="list-style-type: none"> • Q3 KPI position: 21 Green, 5 Amber, 9 Red • Q3 GF and HRA capital programme – revised budget £186.2m, Forecast Spend £145.3m – representing 78% forecast spend of revised budget • £76m growth to fund strategic plan priorities • c£40m budget gap • £42.6m use of reserves required • Incomplete financial accounts since 2016/17 	<p>2023 / 24</p> <ul style="list-style-type: none"> • Q3 KPI position: 24 Green, 4 Amber, 7 Red • Q3 GF and HRA capital programme – revised budget £161.1m, Forecast Spend £149.9m – representing 93% forecast spend of revised budget • Fully funded strategic priorities in base budget • Identified £43.4m of savings • Reduction in use of reserves by £19.1m • Outstanding accounts signed-off remaining accounts published <p>8 of 11 OFLOG measures for Corporate & Finance, and 3 of 4 for OFLOG measures for Planning, are in the 1st or 2nd quartile position amongst all English local authorities</p>
Workforce engagement	<p>2022 / 23</p> <p>25% MAR completions.</p> <p>Seven workforce engagement events</p> <ul style="list-style-type: none"> • TeamsLive with CMT online Q&A events • Town Hall and changing the way we work online sessions • Chief Executive Roadshows • POD session – customer service week • POD session – learning from the latest census results • Staff conference and staff awards • Managers' Conference 	<p>2023 / 24</p> <p>93% MAR completions. Current service plan return is 98% within deadline.</p> <p>Over 40 workforce engagement events</p> <ul style="list-style-type: none"> • TeamsLive with CMT online Q&A events (700+ attendees) • CEO Tea and Chat x12 (200+ booked) • Staff Conference and Staff Awards (1700+ attendees) • Innovation Month - Masterclasses, One Big Idea, Culture, PODs, Wider World, Future TH (1100 booked) • Ideas Generator (40+ ideas) • POD session – sustainability (25 attendees) • POD session – creating award winning entries (70 attendees) • POD session - annual residents survey results (124 attendees) • POD session – focusing on leisure (75 attendees)

		<ul style="list-style-type: none"> • End of year thank you event (570 attendees) • Leadership Conference (almost 600 attendees)
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3.8.2 In addition, the council continues to make significant progress on its strategic priorities, with notable achievements including:

Priority	Headline achievements
Tackling the cost-of-living crisis	<ul style="list-style-type: none"> • £6m in payments to our most vulnerable residents • £31.5m in Council Tax reduction paid to 35k resident accounts
Providing homes for the future	<ul style="list-style-type: none"> • Almost 22k properties brought back in-house • 375 homeless people supported to sustainable accommodation
Accelerating education	<ul style="list-style-type: none"> • First local authority in England to fund universal free school meals up to the age of 16 • 400 young people receiving Mayor's University Bursary and 803 young people receiving Mayor's Education Maintenance Allowance
Boost Culture, businesses, jobs, and leisure	<ul style="list-style-type: none"> • 2782 jobs, apprenticeships and skills opportunities enabled • 1150 businesses supported through the council's enterprise programmes
Investing in public services	<ul style="list-style-type: none"> • £13.7m invested in youth services including one in every ward • £2.5m to support free homecare for vulnerable adults
Empowering communities and fighting crime	<ul style="list-style-type: none"> • Agreed and ongoing recruitment of a further 41 enforcement officers to protect the public • All 350 street-based CCTV cameras have been upgraded to help capture crime evidence
Working towards a clean and green future	<ul style="list-style-type: none"> • £2.1m to improve recycling on housing estates • £5m invested to tackle waste emergency
A council that listens and works for everyone	<ul style="list-style-type: none"> • £487k invested to reopen Watney Market Idea Store • 11k participants took part in 80 consultations

3.9 **A brighter future for Tower Hamlets**

Tower Hamlets has undergone a demonstrably successful transformation over the past year and it proud of the progress achieved, including:

- Culture shift: a culture of continuous improvement, with a strong focus on strategic alignment, has replaced a culture of non-compliance.
- Financial stability: closure of the £40 million budget gap, with up to date financial accounts.
- Resident-centric focus: a revised Target Operating Model prioritising the needs of the community, ensuring services are resident-focused.
- Transparency and accountability: implementation of a robust transformation governance framework and enhanced scrutiny function, ensuring transparency and accountability is embedded wherever possible.
- External recognition and improved performance: achievement across key milestones, receiving external recognition, and demonstrated measurable performance improvements.

- Delivering on priorities: significant strides across all strategic priorities, directly impacting the lives of residents.
- Workforce to reflect the community: actively working to create a workforce that reflects the diversity of the community it serves.
- Best Value commitment: ensuring efficient and effective use of resources through adherence to the Best Value Duty.

3.9.1 While celebrating these achievements, it is acknowledged that the journey continues. The council remains steadfast in its commitment to continuous improvement and delivering exceptional services for residents. The council's focus for continued transformation remains on:

- Deepening resident engagement: the continuous active engagement of residents will ensure their voices are heard and reflected in decision-making processes.
- Building financial resilience: the focus on long-term financial sustainability will ensure stable service provision for the future.
- Driving innovation and efficiency: the move to a model that empowers directorates to embrace creative solutions for enhanced service delivery and increased efficiency.
- Enabling the workforce: the continued prioritisation of staff development and engagement, to foster a highly skilled and motivated workforce.

3.9.2 By continuing on this path of transformation, Tower Hamlets Council is well-positioned to build a stronger, brighter future for its residents.

4 EQUALITIES IMPLICATIONS

4.1 There are no equality implications directly resulting from this report.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 Overall, the initiatives outlined in this report directly align with the principles of Best Value by demonstrating the council's commitment to:

- Efficiency: the focus on continuous improvement, data-driven decision-making, and streamlining the corporate centre will lead to more efficient use of resources.
- Economy: the emphasis on financial sustainability and eliminating waste will ensure the council operates in a cost-effective manner.
- Effectiveness: by prioritising resident needs, addressing performance shortfalls, and fostering a culture of collaboration, the council will become more effective in delivering high-quality services to the community.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 Section 3.6 outlines proposals to refine the corporate centre. There are additional costs associated with this of approximately c£3m. These will be funded from the corporate contingency budget for this year and any ongoing costs will be met through efficiencies.

7 COMMENTS OF LEGAL SERVICES

7.1 The proposed changes will assist the Council in complying with its best value obligations under the Local Government Act 1999.

Linked Reports, Appendices and Background Documents

Linked Report

NONE

Appendices

Appendix 1: Human Resources (HR) / Organisational Development (OD) / Business Support (BS) – Improvement Plan

Appendix 2: Power BI Implementation Plan

Appendix 3: Procurement Improvement Plan

Officer contact details for documents:

Ayesha Hakim Rahman

Acting Deputy Director of Strategy, Improvement & Transformation

Appendix 1: Human Resources (HR) / Organisational Development (OD) / Business Support (BS) – Improvement Plan

The HR function in any organisation is critical in managing a range of legal and reputational risks and fundamental in creating a positive employer proposition and reputation which in turn helps to drive high levels of workforce engagement which correlate strongly to high levels of performance. Several of these critical functions are not being delivered to a level that would provide assurance, evidenced by indicators around satisfaction with the service, turnaround times, and levels of employee relations issues. This document provides a high-level summary of activity to deliver an improved service.

Activity	Status
Phase 1: Analyse and stabilise	
Identify key risk areas and outline solutions	Complete
Design detailed future state [see appendix 2]	Complete
Recruit/redeploy specialist interim resource/consultancy	In progress
Ring-fence and resource one-off and backlog activity	In progress
Phase 2: Implement priority solutions	
Review senior pay rates	
Review pay policy	Complete
Commission external benchmarking exercise	Complete
Implement	In progress
Recruit to vacant senior roles	
Corporate Director (Children)	Complete
Corporate Director (Adults)	Complete
Corporate Director (Housing and Regen)	In progress
Director of Legal (MO)	In progress
Interim Chief People Officer	In progress
Review/resolve outstanding Tribunal cases	
Review case files	Complete
Agree case strategy	In progress
Resolve cases where financial or reputational cases is agreed	In progress
Drive improvement to recruitment and resources (priority area)	
Scope improvement deliverables	Complete
Recruit specialist interim resource	Complete
Agree project plan [see appendix 1]	Complete
Begin phased implementation of future operating model	
Design new senior HR job roles	Complete
Recruit, induct, and embed into directorate structures	In progress
Phase 3: Implementation [September 24 onwards]	
Complete mapping of all service areas	Not started
Re-design transactional services to remove waste and improve customer experience	Not started
Agree new KPIs and service standards	Not started
Recruit permanent CPO	Not started
Recruit to directorate teams (organisational change process)	Not started
Embed and develop new teams	Not started

Recruitment and Resourcing Improvement Plan: May – December 2024

Phase 1: Initiation (May 20 - June 3, 2024)

- Kick-off meeting(s)
- Stakeholder engagement
- Baseline assessment
- Data collection
- Identification, analysis, and planning to address current vacancy backlog

Trust and engagement building:

- Hold individual meetings with team members to understand their perspectives & concerns.
- Communicate the project's purpose and goals clearly to build transparency and alignment.
- Establish open channels of communication for ongoing dialogue.
- Set initial team goals and KPIs (focus on clearing backlog)

Phase 2: Current state analysis (June 4 - June 17, 2024)

- Process mapping
- ATS review
- Team engagement workshop
- Matrix contract review – Request and analyse data. Identify savings opportunities.

Trust and engagement building:

- Facilitate team-building activities during workshops to foster rapport and collaboration.
- Encourage active participation and input from all team members to empower their voices.
- Review progress against team goals and KPIs.

Phase 3: Future state design (June 18 - July 15, 2024)

- Future state process design (involving team and hiring managers)
- ATS optimisation (consider a market appraisal for potential replacement)
- Direct sourcing strategy – LinkedIn Recruiter licence(s) business case
- EVP and Employer Brand analysis and development

Trust and engagement building:

- Involve team members in the design process to create a shared vision for the future.
- Recognise and appreciate their contributions to the project.
- Continue monitoring team goals and KPIs.

Phase 4: Implementation (July 16 - Nov 30, 2024)

- Process implementation
- KPI development and monitoring
- Direct sourcing pilot
- EVP and employer brand launch
- Launch of Recruitment and Resourcing Centre of Excellence (CoE)
- ATS optimisation or new system tender
- Communications to stakeholders
- Conduct hiring manager workshops (virtual and face-to-face)
- Improved operational and strategic management of Matrix contract (= savings)

Trust and engagement building:

- Provide opportunities for skill development and training to empower team members.
- Celebrate project milestones and successes together as a team.
- Review and refine team goals and KPIs.

Appendix 2: Power BI Implementation Plan

Action	Plan	Date
Power BI Finance Data Analytics developed and presented to CELT	Showcased Power BI capabilities to secure buy-in and highlight potential improvements in financial reporting efficiency.	23-Apr-24
Conducted budget holder demos	Demonstrated specific features to budget holders to ensure alignment and gather initial feedback.	30-Apr-24 01-May-24 08-May -24
Pilot rollout of Power BI reporting	Implemented pilot phase to test functionality in a live environment and identify any critical issues before full rollout.	01-Jun -24
Integrate Power Apps	Enhance data input capabilities by integrating Power Apps, allowing budget holders to input data directly.	01-Jul-24
Conduct training sessions for all users	Provide training to ensure all users are proficient in using the new system and to maximize the benefits of Power BI.	01-Jul to Aug-24
Complete all system upgrades and final rollout	Finalise all upgrades and ensure full deployment of the system across the organisation.	End of September 24 ready for Q2 reporting

Appendix 3: Procurement Improvement Plan

The procurement function is critical to support the delivery of both statutory and non-statutory third-party services and balances a range of legal and reputational risks of the Council. Its primary function is as an “Enabler to the Business” and should always provide customer focused solutions, sometimes to challenging situations, whilst balancing compliance with the Procurement Regulations, The Council Constitution and Standing Orders and creative and innovative ways to secure the best service at the best price in a considered, timely and collectively responsible manner. Several parts of this equation, to varying degrees on various occasions, are not being delivered to the required standard, leaving the Council at risk of non-compliance, non-delivery and or reputational and financial damage. This document provides a high-level summary of activity to deliver an improved service.

Activity	Status
Phase 1: Stabilise Operations	
Identify key risk areas and outline solutions	Complete
Design detailed interim state	Complete
Recruit/redeploy specialist interim resource/consultancy	In progress
Establish Programme Governance Structure (Board / support/ TOR's)	In progress
Process Map “As Is” functions and form	In progress
New Procurement Act training	In progress
Prepare Launch documents	Not Started
Phase 2: Launch & Programme Design	
Set up Board & governance arrangements	Not Started
Agree workstreams (Business areas, HR, IT, Finance, Legal etc)	Not Started
Review with Business areas meetings to discuss new model	Not Started
Collate results	Not Started
Design Initial Target Operating Model	Not started
Agree TOM	Not Started
Phase 3: Consultation	
Consultation	Not started
Revisions	Not started
Final Sign off	Not started
Phase 4: Implementation	
New structure implemented	Not started
New systems and processes implemented	Not started
Training	Not started
Briefings	Not started
New KPI reporting adopted	Not started
New Performance Monitoring adopted	Not started

Procurement Improvement Plan: May 2024 – April 2025

Phase 1: Stabilise and Prepare (May 20 - July 19, 2024)

- Kick-off meeting(s)
- Baseline assessment / Data collection / Process mapping
- Design and implement “Interim Staff structure”.
- Set initial team goals and KPIs (focus on clearing backlog)
- Hold initial individual meetings with team members.
- Hold initial individual meetings with Key operational colleagues.
- Critical Friend meetings to establish best practice in other LA’s.
- Engage Senior Stakeholders to establish requirements and set expectations.
- Brief & train Executive team on Procurement Act 2023 requirements and changes to inform new model. (Brief Mayor and Cabinet)
- Design & set up Programme Governance arrangements and secure resources to support (internal & external)
- Implement Lumensol Analytic Project to baseline Spend and identify resourcing requirements.
- Agree temporary external support for all Adult Health & Social Care procurements for next 12 months.
- Establish open channels of communication for ongoing dialogue.
- Prepare Programme launch documents.

Phase 2: Programme design (July 20 – October 11, 2024)

- Launch Programme
- Constitute Board / TOR’s
- Agree Programme management workstreams and reporting.
- Stakeholder engagement meetings in the Business areas
- Stakeholder engagement with corporate services (HR, IT, Finance, Legal etc)
- Team engagement workshop
- Design initial Target Operating Model (TOM)
- Sign Off TOM

Phase 3: Consultation (October 14 – Nov 2, 2024)

- Formal Consultation with Procurement team and Business staff team where affected.
- New Job Descriptions
- Feedback and revisions
- Final Sign off New Operating Model, Systems, Processes and Monitoring

Phase 4: Implementation (Nov 3 – April 2024 and ongoing)

- New structure implementation
- Launch of permanent Post Recruitment (temporary backfill where necessary)
- Continued training and Professional development
- KPI development and monitoring
- New Procurement Regulation Monitoring in place
- Communications to stakeholders
- Review and refine team goals and KPIs.
- Embed new operating model and refine