

Report subject	Organisational Design - Implementation Progress
Meeting date	27 October 2021
Status	Public Report
Executive summary	The implementation of the Council's new Operating Model is a fundamental part of the wider "Our New Normal" transformation programme. Despite the impact of the Pandemic, significant progress has been made in setting up and beginning the four year programme of activity that will deliver the Local Government Reorganisation vision as well as underpinning the savings required by the Medium Term Financial Plan.
Recommendations	It is RECOMMENDED that: (a) Cabinet Note the progress made on the implementation of the Council's new Organisational Design & Operating Model
Reason for recommendations	To update Cabinet on the implementation of the new Operating Model.
Portfolio Holder(s):	Cllr Drew Mellor
Corporate Director	Julian Osgathorpe, Corporate Director Transformation & Resources
Report Authors	Julian Osgathorpe
Wards	Council-wide
Classification	For Update and Decision

Background

1. BCP Council's Transformation Programme is described in full through the "Our New Normal" logo and corresponding communications platform within the BCP Council Intranet:



Fig. 1

2. The programme's principal projects are as follows:
 - a. Our New Organisational Design – the design, implementation and benefits realisation in relation to the Council's new Operating Model as described and approved in the Cabinet Reports of November 2019 and June 2020;
 - b. Supporting Our Colleagues – the design and implementation of the Council's new Pay & Grading methodology along with the introduction of a single set of Terms & Conditions. This was described and approved in the Cabinet Report September 2019 and is intended to ensure equal pay and conditions for all Council employees;
 - c. Where and How we Work – the design, implementation and benefits realisation in relation to Phase 1 of the Council's estate rationalisation strategy described in the Cabinet Report February 2020 and approved in Cabinet Report November 2020.
3. While Our New Normal is managed as a single, integrated programme of transformation the high level decisions and updates to Cabinet and Council are kept separate. This extends to the budgets for each element of the programme, i.e. the budgets are outlined, approved and managed independently of each other.
4. The whole programme is fundamentally linked to the successful completion of the Local Government Reorganisation (LGR) journey. The nature of this fundamental link is two fold:
 - a. It is the delivery vehicle for the investment required to create a single, high performing and exemplar local authority and remove the inequality, complexity, duplication and end-of-life systems and processes that existed in the preceding Councils, and

- b. It is the delivery vehicle for the identification, estimation and realisation of the £43.9m in benefits and efficiencies that are required to support the Medium Term Financial Plan (MTFP) and the Financial Strategy that sits behind it.
- 5. This report is focussed on the “Our New Organisational Design” element of Our New normal and is intended to provide an update on the implementation of the Council’s new Operating Model.
- 6. The benefit classes and their estimated levels for the implementation of the Operating Model (adjusted to take account of the decision in Cabinet Report December 2020 to accelerate an element of the FTE Reduction benefit class) is shown below:

Op Model Programme benefits realisation



The design of the future Operating Model in November 2019 identified that benefits will be realised across three core areas, as set out below.

The Transformation Programme will deliver FTE effort savings in addition to those realised by Smarter Structures but this needs to be aligned with the functional delivery timeline as outlined on the next slide. To meet the MTFP the third party spend reduction projects have been accelerated to deliver benefits in 2022/23.

The below outlines how benefits will be realised across the next four financial years to meet the MTFP.

Benefit Area	Description	Benefit
FTE Effort	Full time equivalent (FTE) impact of organisational structure changes. This will initially be realised through FTE savings from Smarter Structures with further FTE savings realised once functional workstreams begin Deploy phases.	£22.6m
Third Party Spend Reduction	Savings that can be achieved through efficient and coordinated management of third party spend. The bulk of this will take effect in 2022/23 allowing changes to be made following the third party spend project completion.	£19.8m
Cost Recovery	Opportunities for the Council in terms of strategic income management and consolidation of fees and charges. Benefits will be realised in the longer term once the future Council operating model is in place.	£1.5m
		£43.9m

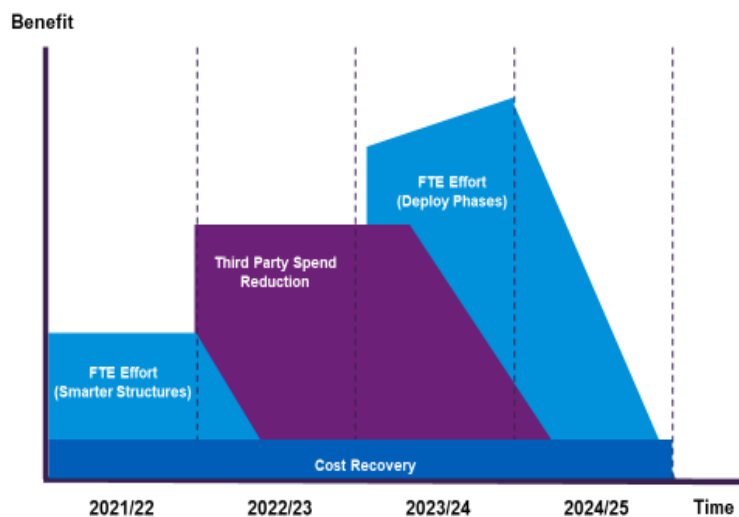
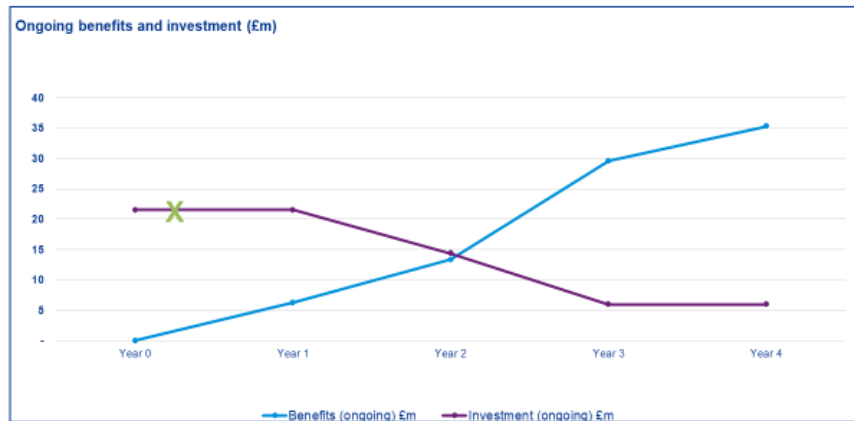


Fig 2

7. The estimated Cost/Benefit profile for the implementation of the Operating Model is shown below;

Financial Benefits Timeline



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Fig.3

Progress to Date

8. Several key milestones have been achieved since the Cabinet report in June 2020 that established the budget for the programme and approved the procurement of a Strategic Implementation Partner (SIP) to assist in the design and implementation of the Operating Model.
9. Despite the impact of the Pandemic, the Council designed and executed an innovative procurement process in order to identify and assess the capabilities and cultural fit of a number of potential SIP candidates. This process resulted in the appointment of KPMG in partnership with Agilisys to work with the Council. This appointment was made in March 2021 and following a standstill period the mobilisation of the project commenced in April 2021.
10. It is important to note the following points with regard to the Strategic Partnering Agreement (SPA) which governs the relationship between the Council and the SIP:
 - a. It is a framework agreement rather than a traditional specification led arrangement. This means that the Council has flexibility over the coming years to respond to changes in the technology landscape;
 - b. The process of identifying, costing and delivering work under the SPA is carried out under a strong Work Package Approval Process (WPAP) which has multiple governance gateways and break points within them. This means that the Council is not committed to completing a particular work package from the outset in the event that the circumstances change or alternatively it is believed that the benefits do not justify the investment;

- c. It is not an exclusive agreement. This means that the Council is free to procure other relationships in the event that the SIP is not considered best placed to support the identified needs;
- d. It is not an outsourcing agreement. It is only intended to support the successful implementation of the Operating Model;
- e. There are intentionally very strong knowledge transfer arrangements within the SPA. Along with the WPAP these arrangements are intended to ensure that Council staff assume responsibility as quickly and effectively as possible through the lifecycle of the SPA and the implementation of the Operating Model.

11. The initial focus of the activity has been:

- a. The identification of the key workstreams required to deliver the Operating Model and the development and agreement on the description and the structure of the workstreams (Appendix 1).
- b. The translation of these workstreams into a high level plan and associated materials in order to support the implementation of the Operating Model (Appendix 2) and the release of benefits;
- c. The development of a suite of core technology capabilities required in order to deliver the Operating Model (Appendix 3) and the comparative analysis of these capabilities against the Council's current technology architecture as well as the market in order to identify the strategic systems required in the future.
- d. The first stage of work within each workstream is to explicitly describe the vision for the workstream and how it will be developed and integrated within the wider Operating Model. This work has been started on the following individual workstreams described within the Plan:
 - i. Customer
 - ii. Finance
 - iii. HR & OD
 - iv. Technology
 - v. Community & Partnerships
 - vi. Commissioning & Procurement
 - vii. Data & Insight
 - viii. Enabling services and structures

12. In addition, and considering the urgency behind the Children's Improvement Plan, the adoption, design and data migration work for a single Social Care case management system has been fast tracked.

13. Overall, at this early stage in the process and effort to implement the Council's new Operating Model the programme is performing as should be expected. There is however, a need for the Council to acknowledge that the programme has been designed to implement over a four year period, with the first half of the implementation period being focussed on designing and delivering the transformational change that will ultimately unlock the benefits realisation (see Fig. 3 above).

14. While it is expected that there will be some benefit that is achievable in the early stages (principally from the “Third Party Spend” benefit class) the Pandemic has illustrated the extent to which the Council is currently heavily dependent on its current level of resourcing in order to sustain the current way of delivering services.
15. Notwithstanding this and at this early stage, there has been nothing identified that challenges the original benefit profile. However, there is an absolutely critical need for very strong leadership within the Council as we push the transformation of our service delivery models and staffing structures very hard in order to identify and realise the savings.
16. Further to para. 3 above, there is a strong and integrated Officer governance model around Our New Normal, as well as each of the individual elements of the transformation programme. This Officer governance model is operating within the delegations agreed by Cabinet/Council under each of the respective Cabinet Reports outlined above and referenced below.
17. At the recent Scrutiny Board session dedicated to reviewing the Our New Normal transformation programme, a Member enquired whether there was a cross party Member Working group for the implementation of the Operating Model (i.e. outside of the Scrutiny Board itself).
18. Up to this early stage in the implementation, this has not been considered necessary outside of the review and approval by Cabinet/Council. However, as the implementation picks up both pace and scale, Cabinet considers that the creation of a cross party Member Working Group would be beneficial to the overall implementation effort.
19. This group will have no specific delegation(s) but would instead provide an opportunity to keep a core group of Members close to the progress of the implementation of the Operating Model, as well as to provide specific Member perspectives on different aspects of the implementation workstreams and effort.
20. In addition to this core group of Members, it is likely that some of the individual workstreams within the implementation programme will also need to engage with members through the formation of their own Working Groups. These will be convened as we move through the implementation process.
21. The composition of each of these groups will be agreed with the Leader/Portfolio Holder for Transformation in due course.

Options Appraisal

22. This section is not applicable to this report.

Summary of financial implications

23. The Budget for the implementation of the Operating Model as at 31st August 2021 is shown in Appendix 4.
24. The level of expenditure/commitment is as expected at this stage of the implementation journey, though it must be acknowledged that the level of spend during the first two years of the implementation (see Fig. 3 above) will be the highest of the anticipated four year implementation.

25. Strategically, the delivery of the Organisational Design & Operating Model element of Our New normal is absolutely critical if the Council is to meet its current commitments within the MTFP. The £43.9m in benefit target for the programme is, by far and away, the largest single element in our Plan over the next three years and we must be extraordinarily focussed, determined and resilient as we transform the organisation in order to deliver them.

Summary of legal implications

26. There are no legal implications directly arising from this report.

Summary of human resources implications

27. There are no human resources implications directly arising from this report.

28. It should be noted that each element of Our New Normal undertakes regular engagement with both Unions and the wider staff of BCP Council.

Summary of sustainability impact

29. There are no sustainability impacts directly arising from this report.

30. Each individual project within each element of Our New Normal undertakes the appropriate Sustainability Impact Assessments at the point at which proposals are defined and considered.

Summary of public health implications

31. There are no public health implications directly arising from this report.

Summary of equality implications

32. Each individual project within each element of Our New Normal undertakes the appropriate Equality Impact Assessments at the point at which proposals are defined and considered.

Summary of risk assessment

33. The Operating Model implementation team is continuing to develop a detailed Risks and Issues log and is using it on a weekly basis as we develop and implement the model.

34. A set of high level strategic risks for the implementation and/or the relationship with the SIP is attached at Appendix 5.

Background papers

Relevant background papers are directly referenced in the report above, i.e.

- Cabinet Report September 2019 – Implementation of Pay & Reward Strategy
- Cabinet Report November 2019 – Organisational Development Design Outcomes
- Cabinet Report February 2020 – Organisational Development Estates & Accommodation Strategy
- Cabinet Report November 2020 – Estates & Accommodation project
- Cabinet Report June 2020 – Organisation Design Implementation & Budget

Appendices

The following Appendices accompany this report:

- Appendix 1 - Operating Model Workstream Structure
- Appendix 2 – Operating Model Programme Plan
- Appendix 3 – Operating Model Technical Capabilities Architecture
- Appendix 4 – Operating Model Programme Budget as at 31st August 2021
- Appendix 5 – High Level Risks for the implementation of the Operating Model