

## **CABINET – 16 OCTOBER 2018**

### **OPERATING MODEL: IMPLEMENTATION STRATEGY**

#### **Report by the Chief Executive**

#### **Introduction**

1. In September 2018, Cabinet endorsed a new Operating Model as the basis for transformation of the whole Council to support the delivery of the Thriving Communities vision. Cabinet also agreed a set of delivery principles and directed the Chief Executive to bring further proposals for implementation of the Operating Model back to Cabinet for decision.
2. The Business Case reviewed by Cabinet in September set out the new design for the Operating Model and the potential benefits delivered through its adoption. The Business Case also considers savings that could be generated through commercialisation and measures to improve the value for money of contracts and other third party spend.
3. This report goes on to set out the scale of change that implementing the Operating Model and associated workstreams will represent. It sets out a proposed strategy for delivering that change that recognises that the programme can only be successful with full ownership by the Council's members and staff and with clear accountability for delivery sitting with the Council's senior managers. It recommends that to supplement the skills and capacity of the Council's own staff and to provide a tested methodology for change, that the Council works with a strategic partner, noting that other suppliers may be required over the life-time of the programme to work alongside the Council to deliver benefits in the most effective way.
4. The report also considers decision making on costs and initial funding arrangements and the required approach towards staff, resident and partner engagement is reviewed. Finally, the report makes recommendations with respect to ensuring appropriate member oversight of this strategic, long-term programme.

#### **Managing the Scale of Change**

5. Implementing the agreed Operating Model represents a completely new way of working for the whole Council. The Operating Model is focussed on shifting effort from supporting activity to service delivery, by considering the functions that each job is comprised of and by ensuring that each of these individual functions are delivered in the most efficient way. An Activity Analysis identified that it is not just those staff traditionally associated with 'support services' who are undertaking support functions, but that service managers and delivery teams also spend significant portions of their time on these tasks.

6. Therefore, many roles will change to some extent; some completely from their current form, some will need to be expanded and some will be reduced. As stated in the September Cabinet report: “Taken overall, the Council will effectively be rebuilt in full, with no service area left unchanged in terms of the way the Council operates...The change overall would represent the largest transformation initiative that the authority has ever undertaken.”
  
7. Appreciating the scale of change is critical to developing an appropriate strategy for implementation. Equally, the importance of the programme to the future development of the Council is illustrated by the potential benefits identified in the Business Case: In addition to the £34m-£58m of financial benefits, the Business Case describes how benefits will accrue through improved service to customers, more empowered staff, more resilient services better able to absorb and manage future pressures, and ultimately better outcomes for individuals and the community through the delivery of the Thriving Communities vision.
  
8. Through development, review, member-engagement and decision making on the Operating Model, the following questions to be addressed through an Implementation Strategy have been identified:
  - What is the role of elected-members in delivery of the change programme, and what member-led governance arrangements need to be in place?
  - What leadership development is required and what will the role of directors be through the change programme?
  - What arrangements need to be in place to ensure full control of services is maintained throughout the change programme?
  - Which areas of the Operating Model require engagement and co-design with service users, partners and the community at large for successful implementation?
  - What resource and approach is required to maximise the engagement of staff in delivery?
  - What arrangements need to be in place to manage the risks identified as being associated with the implementation of the Business Case?
  - What is the right balance between meeting the required pace of change and the programme for delivering benefits, and the scale of investment required?
  - What gap exists between the Council’s existing capacity and technical capabilities and the requirements of the change programme?
  - Given other considerations, what is the most effective way of meeting that gap?
  - What other arrangements are required to ensure that the programme is delivered in accordance with the Delivery Principles set out in the September Cabinet report?
  
9. Considering these issues, the following approach for implementation is proposed:

# IMPLEMENTATION APPROACH

## **i. Member engagement**

To ensure the programme delivers the agreed benefits, stays fully focussed on resident outcomes and makes the most effective use of resources, members will be engaged at a development, leadership and scrutiny level. The Cabinet Member for Transformation will be accountable for the delivery of the programme and will engage members in development of the programme through a Cabinet Advisory Group. The Performance Scrutiny and Audit and Governance Committees will function to challenge, verify and improve delivery and oversee performance and risk. More broadly, the programme will seek to engage members as fully as possible across the development of new ways of working to improve design and support engagement with residents.

## **ii. Staff engagement**

The programme approach will start with the assumption that full involvement of staff in the design and implementation of new ways of working is essential for success. At the same time, it will recognise the challenges of change and personal uncertainty that staff will experience. Staff will be encouraged and supported to fully engage in the programme. Programme decision making and communications will be as clear and transparent as possible. Programme leaders will be visibly accessible and open to feedback, and organised and sustained engagement, support, and learning and development activity will be put in place. Staff will be trained and coached in the skills and behaviours required in the new model with knowledge and skills transfer from any externally engaged support being prioritised. In this way, while the organisation and individuals will experience the pressure of change, staff will be supported to develop more resilience and flexibility for the future.

## **iii. Community and partner engagement**

For the programme to be successful in its strategic aim of ensuring that the Council can deliver on the promises of the Thriving Communities vision, the delivery approach must ensure that residents remain at the heart of planning and operations. This will mean ensuring that residents and specific groups of service users are appropriately engaged, consulted and in many cases full participants in any changes to the way outcomes are delivered through co-production. Equally, design and implementation must recognise that the Council can only deliver its vision in partnership with other councils, the wider public, the community and voluntary sector and other institutions and businesses. Engagement with these stakeholders will need to recognise and respond to their interests, pressures and concerns and look at how, through collaboration, mutual benefits can be generated in the overall interests of residents.

## **iv. Strong leadership**

Through the delivery phase, strong, accountable and empowered leadership will be required both at the overarching programme level and for the delivery of individual elements. Senior officers, accountable through the programme's governance arrangements, will be responsible for owning and delivering the programme's outputs. To generate sufficient leadership capacity, in some cases existing roles will need to be backfilled or substantive duties reassigned or new roles created. Programme governance arrangements will ensure that programme and service leadership are unified and that issues of conflict between change activity and service delivery are identified, resolved or escalated to corporate level for attention.

#### **v. Programme management**

A programme management team, accountable to the Fit for the Future board, will work with senior leaders, service managers and staff to ensure the programme is delivered at pace. The team will require: senior programme leadership; specialist and technical elements – including business process, procurement, IT and digital expertise; HR, internal communication and staff engagement capacity; external communication and stakeholder engagement capacity; finance support; project and programme management; and support for governance and programme leadership.

#### **vi. Effective client management**

In all resourcing approaches for the delivery team, it is anticipated that there will be some element of external provision and procurement to supplement the Council's existing capacity and skills. The Council's experience in working with external providers demonstrates that focussed, well-designed and robust client management arrangements are essential to deliver value from externally sourced support.

#### **vii. Phased delivery programme**

An ordered implementation methodology will be required to manage the risks of change and maximise the benefits of investment. The proposed method identified in the Business Case is to deliver the organisation's new approach through a series of phases. While the full financial benefit will not be realised until the completion of the programme, each phase will give the opportunity to deliver an element of benefits which, when assured, will be available for incorporation into the Council's financial plans. Managing delivery through an iterative approach will allow for testing, to respond to change and to learn as the programme progresses. It accepts that not every project element will deliver perfectly first-time and allows for flexibility to cope with that uncertainty. It will also allow for policy and operational choices along the way with a developed understanding of the impact of choice on delivery of financial benefits and improved services to residents.

#### **viii. Benefits delivery approach**

Programme benefits and costs, as assessed and verified by the Council's finance officers, will be incorporated into financial plans through the usual Service and Resource Planning arrangements. The process of ensuring that agreed financial savings and service improvements are fully delivered will be appropriately resourced and monitored through clear governance arrangements. The programme approach will recognise that once a delivery plan has been agreed and incorporated into the Council's financial plans, delay to the delivery of benefits will represent significant costs to the Council. Activity that accelerates the delivery of cashable benefits will therefore be prioritised within programme planning, within the context of ensuring that the programme overall is coherent.

#### **ix. Performance, risk management and service impact**

Service performance will be monitored tightly, with particular attention given to services under-going change, to ensure that residents do not see negative impact on the standards of services delivered.

Risk assessment of performance will be a key element of programme management, to highlight performance risks and potential mitigations ahead of impact. Performance measures for new capacity will be developed alongside service design. Impact assessment will be verified through engagement and testing with service users. Dedicated risk and issues management resource within the programme delivery team will analyse and communicate risk through the agreed governance arrangements and will propose risk management strategies. Attention will be given to the interface between programme and service risks, ensuring that risk ownership is clear where the organisation is in transition between current and future states. Where appropriate, programme risks will be escalated through corporate risk management arrangements.

## Context and Capacity for Delivery

10. The County Council is already delivering an ambitious agenda of change and improvement across services. New projects and capital investment are being managed on a scale not seen in recent years and essential services remain under severe pressure from rising demand.
11. Specific pressures to deliver include:
  - Delivering an ambitious Corporate Plan
  - Meeting the demands of the MTFP and the next Service and Resource planning cycle in an uncertain financial environment
  - Identifying and delivering opportunities through the Cherwell Partnership
  - Continuing to pursue Health and Social Care integration
  - Taking a leadership role in planning for demographic change and growth
  - Directorate focussed change and challenge – for example, delivering the action plan that followed the Care Quality Commission Action local system review, supporting service inspections and delivering the Oxfordshire Housing and Growth Deal
12. In this context, there is limited capacity within the organisation to prioritise additional major change initiatives.
13. Further, the changes demanded to deliver the agreed Operating Model require specific skills, including those related to programme management; business analysis, processes and architecture; and technology and digital. While some of these skills may be available within the Council's current capacity, they are certainly not available at the scale required for the extent of the change programme and where they are in place, are already fully deployed in high priority business areas.
14. As a consequence of these two factors – capacity and skills - there is a significant gap between the resources required to deliver the approach set out above and that available to the Council.
15. Attempting to move forward with the programme without addressing this gap is not a practical step if the implementation approach identified above is to be achieved. The risks to the delivery of benefits and to service delivery would be significant and officers could not recommend that the Business Case would be delivered.
16. Therefore, while the delivery approach described will demand considerable input and leadership from staff at all levels across the programme, it is also considered high-risk, in terms of delivery of the agreed benefits and to mainstream service delivery, to embark on this scale of complex change without identifying additional resources for implementation.

17. The next section of this report proposes how that resource is provided.

## **Resourcing the Delivery Approach**

18. The implementation approach set out above recognises that there is no option to outsource a change of this nature: it assumes that implementation can only take place through the leadership and effort of Council staff, under the oversight of elected-members. This notwithstanding, the context demonstrates that there is a requirement to supplement the Council's existing capacity and skills to deliver the approach identified. Two broad mechanisms were considered to achieve this:

### **Delivering through internal-staff only**

19. The first mechanism considered was to increase the Council's employed staffing capacity to form the dedicated team required without supplementing it with any external support. This is not considered a viable approach to deliver the agreed Operating Model in the way it is described in the Business Case for the reasons set out below.
20. Such an approach would have involved scoping and recruiting a new internal business unit. Experience suggests that the nature of the skills and job-roles that would be required for such a delivery team are in many cases highly marketable across business sectors. Therefore, qualified individuals are in significant demand and recruiting such a team would be competitive and difficult, especially within Oxfordshire and the wider south-east's employment markets. The establishment of a new internal team could therefore be expected to take at least six to nine months from decision to being fully staffed. An additional three months would be required for training and for the team to be fully effective. While some positions would be expected to be filled internally, potentially speeding up the establishment of the new team, internal recruitment would have a negative impact on the delivery of existing priorities and would require subsequent back-filling.
21. In the absence of an already provided methodology for delivery, the new team would need to develop a bespoke approach which would need to be tested and agreed internally.
22. A potential delay to the programme of up to a year would directly impact on the delivery of benefits which would need to be costed into the overall business case.
23. A fully employed team would limit the capacity of the programme to grow and shrink resources throughout the life-time of the programme, limiting the ability of the Council to manage risk and minimise costs by varying the programme team due to the costs and timescales associated with multiple reorganisations of the team.
24. In some cases, it is likely that many specialist roles, especially those required for limited periods, would not be possible to recruit to on an internal basis

requiring costly interim or other contract arrangements to be put in place, increasing the complexity of programme management and risks to delivery.

25. While in all scenarios, accountability for programme delivery will rest with senior council officers reporting to members, day to day responsibility and attention would be high for senior managers where a fully internal team is in place and requires supervision. This would create a pressure on the ability of the Council to maintain full management and control of the broader delivery agenda, beyond the programme.
26. It is therefore not viable to deliver a transformation programme based on the agreed Operating Model through an internal staffing-only mechanism as:
  - Such an approach would require redesigning the programme as the Council could not deliver the new capabilities identified in the Operating Model in the form they are described. A different way-forward that has not yet been forthcoming would have to be proposed;
  - An internal-only approach significantly increases the risk of negatively impacting existing priorities and service delivery;
  - The risks identified to the delivery of benefits, including an unavoidable delay through an extended period of programme mobilisation, would mean that any staffing-only mechanism would have a major impact on the point at which benefits can be incorporated into the Medium Term Financial Plan. This would create additional cost pressures.
27. It is not possible to undertake a costing of a fully internal approach as officers have not been able to develop a viable proposal for implementation through this mechanism.

#### **Delivering in partnership with a strategic advisor and other support as required**

28. Working with a strategic partner with specialist and technical resources already available to supplement and work-alongside the Council's own teams would bring forward the programme's full mobilisation, and the consequent delivery of benefits, to the earliest possible point. It would also maximise the flexibility of resources, ensuring that the right resources were in place at the right time within the programme. While the programme accountability would remain with the Council's senior leadership, the additional experience and leadership capacity available to a strategic partner would free up directors and senior leadership to take a strategic rather than programme management role and, where relevant, to maintain full control of service delivery.
29. Relying on a partner would require the Council to maintain and manage a relationship with a strategic-supplier with consequent risks should that relationship fail. However, an external partner can provide outside experience

and challenge and can be expected to provide a tested delivery methodology that is ready to apply. Within such an arrangement, the Council would retain the flexibility to commission other support as required to work within the overall framework developed alongside the strategic partner. In this way, a mixed delivery economy can be developed with joint teams in place made up of Council staff, support from the strategic partner and other commissioned resources as required, ensuring value for money and that the right specialism is in place for each given activity.

30. As reported to Cabinet in July 2018, the Council has been challenged in the past when attempting to deliver significant council-wide change and transformation using internal resources only. However, these challenges have been overcome when supplementing internal resource with external advisory services. External support has enabled pace and momentum to be maintained and has injected capability in addition to capacity.
31. Working with a strategic partner and other commissioned suppliers as required to work alongside the Council's own staff would bring forward to the earliest possible point the delivery of benefits. It would provide additional capacity, skills and experience that will enable change while minimising risks to the mainstream delivery of services. It is therefore considered the only viable option.

## **Appointing a Strategic Partner**

32. The July 2018 Cabinet report: *Engagement of External Advisory Services*, set out the options for appointing a strategic advisory partner: A partnership could be delivered either through a full open competition or through the use of an existing framework agreement, where procurement of the framework has already demonstrated value for money and compliance.
33. The report identified that while an open competition would demonstrate value for money for a partnership arrangement, the time taken in comparison to calling on a framework agreement, would result in considerable delay to the programme (of six to nine months) and subsequent delay to the delivery of benefits. There would be no guarantee of an improved commercial outcome and would be additional procurement costs to fund.
34. The July report identified that through use of the Islington Council Framework Agreement for the Provision of Audit, Assurance and Advisory Services, an appointment could be made, demonstrating value for money, without the delay caused through a full competition.
35. PwC are the only suppliers on the Islington Framework. PwC have worked closely with the Council over the past 15 months in developing the Operating Model and Business Case to its current state. As such, they have the unique qualification of having a team in place with detailed knowledge and experience of the Council and a trusted relationship with the organisation.



36. The July report noted that the rates within the framework remain highly competitive as they have been fixed for four years and represent a discount against PwC's current rates on other frameworks.
37. Officers have revisited the options considered in the July report and consider that the recommendations are still relevant.
38. After consideration of the July 2018 report, Cabinet agreed that the Council should enter into an access agreement to the Islington procurement framework. Access to the Framework was only possible until August 2018. Therefore, to maintain the option of drawing down support from a strategic partner through the framework, the Council agreed a work order consistent with appointing such a partner, but with expenditure subject to a requirement for further approval following the consideration of the Business Case. Initiating expenditure through a strategic partner is therefore subject to agreement of the relevant recommendations of this report.
39. The work order as agreed allows the Council to make choices to draw down expenditure in phases as it requires. It creates no commitment on the part of the Council to any expenditure but puts in place the flexibility to draw down work packages from the strategic partner. Agreement of the scope and costs associated with the first phase of development will be the subject of the commercial negotiation referred to in the recommendations of this report. Subsequent draw-down of activity from the strategic partner will be negotiated as and if required in the same way, within the programme budget available as agreed by Cabinet and Council through Service and Resource planning.

## **Client Management Arrangements and Working in Partnership**

40. Feedback from members ahead of the September 2018 report to Cabinet, including feedback from the debate held at County Council on 11 September, raised the point that however implementation was resourced, the new Operating Model needed to be fully owned by Council staff and members. Members also emphasised that if external support were required, the right internal team would also need to be in place to manage the supplier and take day-to-day leadership of design and delivery, reporting to the Fit for the Future board. (The Fit for the Future board is the senior level officer group which oversees all transformation activity.)
41. The intended purpose of appointing a strategic partner through the approach described above is to provide specialist technical and advisory skills and capacity that supplements rather than replaces the leadership of council managers and staff. It is the case in all approaches to delivery, that the success of the programme will depend on the Council taking responsibility for delivering the changes identified in the Business Case. The scale of change required to implement the new Operating Model is so fundamental that there is no option for delivery that is simply provided from outside: each design element and each change will need to be developed and delivered by the Council itself, albeit that additional capacity and skills will be required to undertake that task. It should be noted that reflecting this reality, the

development of the Business Case was led by the County Leadership Team, in partnership with Council staff and through engagement with members. Each element of the Operating Model was owned by a director (or pair of directors) supported by an officer working group and informed by broad engagement and service testing across the organisation.

42. Delivery of the programme will therefore be through a partnership approach, with joint delivery teams ensuring that Council staff and externally appointed support are working together.
43. A guiding principle of such an approach should be that the Council should only look to resource activity from external suppliers where it can demonstrate that either it does not have the capacity or skills to deliver a specific activity, or that diverting its own resources from service delivery would be detrimental to agreed priority objectives.
44. In the construct and implement phase, the Council will need to mobilise a strong client-side team made up of dedicated programme staff and professional support services, acting in their day-to-day role (for example Human Resource, Communications, ICT, Procurement and Finance).
45. This team's responsibilities may be expected to include:
  - Taking day-to-day leadership of the programme, accountable to the Fit for the Future Board;
  - Overseeing and guiding the approach to engagement with staff, services, members, partners, service-users and the public at large;
  - Managing the commercial relationships with external suppliers;
  - Ensuring that the right information and access is available to external suppliers;
  - Ensuring that overall programme delivery is meeting the Business Case and continues to align with corporate strategy – focussing on the delivery of the Thriving Communities vision;
  - Ensuring benefits realisation;
  - Being responsible for reporting and governance processes.
46. Initial provision is made in the outline implementation costs set out in the business case for internal management costs. These may require revision following commercial negotiation with suppliers as the functions of suppliers and the Council are agreed.

## Initiating the Programme

47. The Business Case document sets out a “Construct and Implement” methodology whereby the Operating Model is delivered in a series of ‘Releases’. Each release represents a manageable set of changes in people (including structures, skills and training), process and technology for a prescribed section of the overall Operating Model.
48. All service areas will be involved to varying degrees in the delivery of each area of new capacity – described as the Operating Model Layers. As new capacity is delivered, service areas themselves will need to undertake the same redesign process to reflect the new ways of working facilitated by the new capabilities and to deliver the full financial and service improvement benefits identified in the Business Case.
49. Through this approach, each release delivers new capabilities by undertaking a set of construction tasks. These are necessarily interdependent but can be summarised as follows to give an indication of the work required by the Council and supported by its strategic partner and any other commissioned support required:

*Definition* – determining the future offer for each service area and making choices about what each service area will do in the future.

*Designing new processes* – developing detailed process maps to show the steps, decision points, hand offs, inputs and outputs associated with each process for each service.

*Developing detailed policies and procedures* – based on the above tasks, the policies and procedures that each service will need to adhere to in the future will be developed. These will constitute the basis on which future service interactions will be planned and managed.

*Specify ‘enablers’* - determine the specific enabler requirements for each service area, including how users access the service, people capabilities, technology and information requirements. This will involve engagement across all levels in each service area.

*Determine organisational structure and role profiles* - design of the future organisational structures for each service and the development of consistent role profiles for new posts.

50. As construction steps are delivered, the following implementation activity will be required:

*Implement and test IT solutions* – this will require the development of new content and platforms, and user testing.

*Refurbishment of assets* – to ensure that facilities are reconfigured for teams or interaction with customers.

*Populate new staffing structures* – this will require the Council to develop and detail the process for populating new service structures including supporting decision making about appointment and recruitment procedures, ring-fencing current post holders, planning and providing oversight for the completion of the formal consultation process, supporting recruitment activity and the management of any redundancy processes.

*Providing training and capacity building support* – developing bespoke training and development for teams and individuals to ensure staff are able to adopt new ways of working and to deliver new functions.

*Post go-live change management and development support* – a change management programme post go-live of new capacity to ensure that new ways of working and the associated culture change becomes embedded.

51. Delivering through a series of releases rather than in a single step will allow the Council to maintain oversight and control over the significant changes being undertaken whilst maintaining service delivery standards. The Release process will also allow the Council to learn from experience and change its approach as required. Finally, delivering new capabilities in discrete releases will allow the agreed benefits, including financial benefits, to be delivered throughout the programme, rather than having to wait until the final delivery of the end-state, making the programme overall more affordable with earlier positive service impact.
52. All service areas will be impacted by the design and delivery of each operating model layer as new processes and procedures are developed and then implemented Council-wide.

## Staff Engagement and Development

53. Evidence and experience demonstrate that employees who are positively engaged at work are happier and are more productive. Engagement (as defined by the government's influential McLeod report in 2009<sup>1</sup>) means:

*"...a workplace approach designed to ensure that employees are committed to their organisation's goals and values, motivated to contribute to organisational success, and are able at the same time to enhance their own sense of well-being."*

54. For the individual, engagement can lead to increased satisfaction from work, leading to improved motivation and personal well-being. For the organisation, engagement can increase productivity, improve recruitment and retention and ultimately release the full capacity of staff to innovate and deliver. It does not mean that everyone will agree with everything. However, it does mean that staff have a sense of ownership and purpose and understand where they fit in.
55. Taking engagement seriously means that the views of staff are heard and decisions and plans are open to challenge. It means that managers are visible, trust in the ability of their staff and allow autonomy. For successful engagement, an organisation's purpose and vision must be clear and staff should be conscious of their individual contribution to achieving it. There will also be an honest and open dialogue about development needs.
56. While the Council aspires to such an approach throughout its activity, the need for effective engagement will be particularly acute through a prolonged period of change with the need for sustained effort across the organisation. Staff will need to have confidence that the capacity is in place to meet the paramount requirement of maintaining service delivery while delivering change. Through the design period the programme has sought to engage as widely as possible and to share development ideas and proposals whenever possible. Members of the County Leadership Team have undertaken face to face briefings and used technology platforms to make themselves accessible. This approach will need to continue as the programme moves to the construct and implement phase.
57. Continuing and planned activity is expected to include:

- **Internal Communications**

A detailed internal communications strategy and plan will be implemented to ensure consistent messages are delivered as widely as possible, making use of different approaches and technologies. Regular face to face briefings will take place by senior leaders to assist with the delivery of messages whilst helping to develop an understanding of the impact change on services and individuals and providing opportunities for staff to ask questions and offer suggestions.

---

<sup>1</sup> See [engageforsuccess.org/engaging-for-success](http://engageforsuccess.org/engaging-for-success)

- **Enabling Project – *the role of the manager***

An enabling project is in development to re-define the role of the manager and will include appropriate support and skills development for managers to ensure they are fully equipped to engage and communicate with teams and individuals ensuring focus on engagement and managing change.

- **Organisational wide development initiatives, including:**

- Regular full staff “pulse” surveys to assess change readiness, progress and engagement and to inform communication and engagement plans;
- Increased use of facilitated staff advisory groups and the popular “Ideas X-changes” to give a high-profile mechanism for staff to influence change and innovation;
- Appropriate and timely development for individuals and teams to build digital skills and to define how agile working can be applied appropriately, consistently and safely.

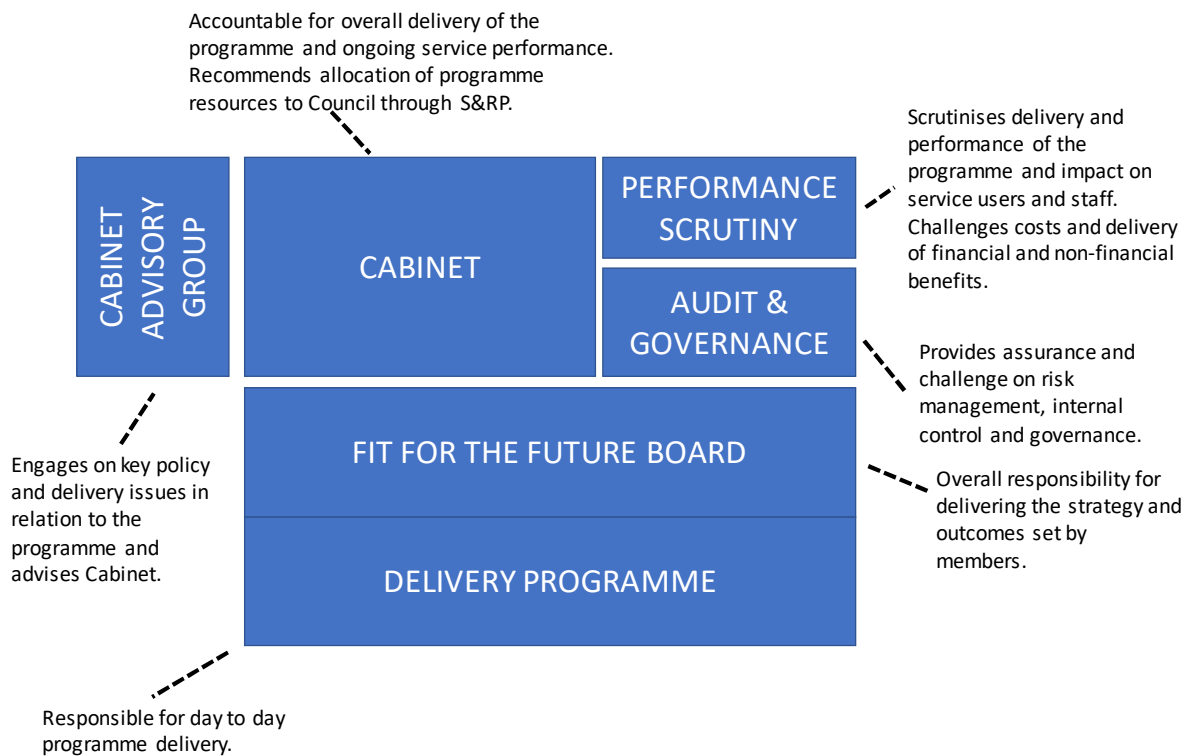
- **Specific Organisational Development support including:**

Dedicated organisational development and learning and development resources will be involved in each delivery phase ensuring early engagement with teams directly affected by change. Skills transfer from external suppliers will be prioritised to upgrade the organisation’s capacity and flexibility for the future. Support will be required before, during and after formal consultation including team development and support for the implementation of new ways of working. A revised skills development programme will be developed to support changed roles or to support individuals to prepare for redeployment opportunities. Support will also be focussed on enhancing resilience through change, recognising the challenge to teams, individuals and performance that a sustained period of change represents. Finally, specific support will be required for those teams not directly involved in redesign of their own work areas but who will be expected to change their working practices to align with the new Operating Model.

58. While this activity will need to be integrated with the overall programme delivery plan, it will also need to align with business as usual development activity. Indeed, over the lifetime of the programme, delivering engagement and development associated with the programme will be the mainstream business of the Council.

## Programme Governance and Member Oversight

59. The Fit for the Future programme is managed in line with the strategy and priorities set by Cabinet by an officer led programme board with overall responsibility for transformation. The Fit for the Future board acts to ensure that there is a single, joined up and authoritative approach to decision making on transformation and balances the demands of change with ongoing service priorities.
60. As set out in the September Cabinet report, accountability for the programme will continue to be led by the Cabinet Member for Transformation. It is also proposed to establish a Cabinet Advisory Group (CAG) on the Fit for the Future Programme to support and advise Cabinet. It is proposed that the CAG would engage on key policy and delivery issues in relation to implementation of the Operating Model and the overall programme.
61. The Performance Scrutiny and Audit and Governance Committee are expected to continue their role of monitoring and challenging performance, delivery, reporting and control.
62. In particular it is expected that the Performance Scrutiny Committee would consider issues including:
  - Impact of the programme on outcomes for residents, i.e. Corporate Plan priorities;
  - Impact of the programme on service performance;
  - Impact of changes on staff;
  - Predicted costs and savings as compared to actual costs and realised savings.
63. The Audit and Governance Committee would be expected to consider issues including:
  - Risks identified and mitigations proposed and actioned;
  - Systems of internal control, to include assurance that a robust performance framework is in place;
  - Governance of the project.
64. The Committees may wish to consider how they are organised through the life-time of the programme, including the potential establishment of individual or joint sub-committees as the business of the Committees demands.



**Fig. 1:** Member over-sight arrangements and officer-led delivery functions

## Engaging with the Community and Partner Organisations

65. The programme approach described above sets the expectation that change must ensure that residents are at the heart of the Council's planning and operations. To achieve this, the programme will need to use the organisation's capacity for engaging residents – including its communication and engagement teams and through the community leadership role of elected members - to ensure that the voice of residents and of specific user groups is heard and understood in the design of new ways of working.
66. Achieving more effective partnership working with other organisations delivering outcomes for residents in Oxfordshire is critical to achieving the Thriving Communities vision. This will include building on relationships with other councils at district, town and parish levels, health bodies, the police, national agencies and the community and voluntary sector as well as institutions such as Oxfordshire's universities and research establishments and commercial organisations, large and small.
67. The Fit for the Future programme will put the Council in a strong position to engage more effectively with partners, with its offer clearly defined and its processes more transparent and open to integrated working. However, effectively engaging with partners will require careful understanding of their different priorities, pressures and objectives and close joint working to consider how the Council and outside organisations can work together to their



mutual benefit. Timing of engagement will be important in ensuring that relevant information is shared at a point relevant to the audience and to manage expectations within a long-term programme.

68. The partnership arrangement now in place between Oxfordshire County Council and Cherwell District Council has the potential to deliver efficiencies and improved outcomes through integrated working. Development of partnership activity, which is in the early stages, will need to be integrated with the delivery of the Operating Model. Indeed, the changes required to deliver the Operating Model and the new opportunities made possible through the partnership will, if carefully managed, create mutual benefits to both councils and their service-users. Management, led by the joint Chief Executive, will need to ensure that change is coordinated - within the County Council – through a single transformation programme that is well linked to Cherwell’s governance arrangements, so that the partnership and the Fit for the Future programme are aligned and complimentary.
69. The Operating Model incorporates the design of a new ‘Pre-Front Door’ capacity that is specifically included to improve the impact of interactions between the Council, individuals and communities outside of service delivery functions. The ambition is to improve outcomes through community-based approaches at a stage before formal Council or partner services are required. It is through this preventative approach that the Council aims to support the county at large to be more sustainable in terms of its social outcomes and public services. While development of the Operating Model so far has focussed on the internal changes that need to be made, it is clear that to make real progress on this agenda, a different and sustained approach to engagement and collaboration will be required.

## **Investment Requirement and Financial Implications**

70. This report builds on the proposals identified in the September Cabinet report and the associated Business Case. The Business Case sets out the potential for financial benefits of £34-£58m to be derived through the implementation of the Operating Model along with benefits to be generated through commercialisation and measures to improve the value for money of contract and other third party spend. Depending on the recommendations approved by Cabinet, further technical assessment of phasing and confidence in delivery will allow the potential savings to be incorporated into the Service and Resource planning process in this and future years.

71. The Business Case identifies outline delivery costs of £18m. The following areas of investment are proposed:

### **Technology implementation**

72. Investment in technology components and implementation support is required to make possible the improvements in process and capabilities that will make the Operating Model viable. This will include new and updated software and systems. For example, this is expected to mean: investment to deliver full capability to interact across technology channels including an improved website; investment in better management and sharing of data and intelligence; and the building blocks of new and streamlined processes such as consistent identify management and verification, and rationalised facilities for transactions.

73. As the programme is developed in detail, consideration will need to be given to the potential requirement for additional investment in information technology not currently identified within the business case, but that may have a dependent relationship with elements of the Operating Model. Any potential additional investment requirements will be subject to further business case processes to demonstrate need and added value.

### **Investment in staff**

74. The Business Case recognises the investment required to deliver large scale change and to support staff through the process of change. This includes:

- Investment in training;
- Additional resources required to supplement Human Resource, Communication, Engagement and Programme teams.

75. In addition to the additional resources proposed within the Business Case, the Council's existing training and development, human resources and organisational development resources will focus on the delivery of the Operating Model as a core activity across the lifetime of the programme.

## **Commissioned support**

76. The Business Case assumes that additional resources will be required by the Council to deliver the Operating Model. These include:
- Strategic advice and programme management;
  - Ongoing operational support to the Programme Management Office;
  - The detailed technical and advisory services required to deliver the Construct and Implement approach described above;
  - Activity to refine organisational design.
77. As detailed implementation planning is progressed and detailed activity identified, business cases will need to be advanced that demonstrate the requirement for commissioned support for given activity. Business cases will need to consider how such support is most effectively delivered, including in each case whether the Council, the strategic partner or an alternative supplier represents best value for money and the most effective approach.
78. The overall estimated implementation costs comprising these elements are set out in the table below, replicated from the Business Case. These costs are indicative and will be refined and incorporated into financial plans as required through the Service and Resource planning progress.

Area	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	Total*
<b>1. Technology implementation</b>	<b>£0.9m</b>	<b>£3.5m</b>	<b>£1.2m</b>	<b>£1.0m</b>	<b>£0.3m</b>	<b>£6.9m</b>
<i>1.1 Technology platform components</i>	<i>£0.2m</i>	<i>£2.2m</i>	<i>£1.2m</i>	<i>£1.0m</i>	<i>£0.3m</i>	<b>£4.9m</b>
<i>1.2 Technology support</i>	<i>£0.7m</i>	<i>£1.3m</i>	-	-	-	<b>£2.0m</b>
<b>2. People</b>	<b>£0.0m</b>	<b>£0.3m</b>	<b>£1.2m</b>	<b>£1.1m</b>	<b>£0.4m</b>	<b>£3.0m</b>
<i>2.1 Training</i>	-	<i>£0.1m</i>	<i>£0.6m</i>	<i>£0.3m</i>	-	<b>£1.0m</b>
<i>2.2 Backfill eg. Delivering elements of HR, Communications, Engagement, Programme Leadership etc.</i>	-	<i>£0.2m</i>	<i>£0.6m</i>	<i>£0.8m</i>	<i>£0.4m</i>	<b>£2.0m</b>
<b>3. Commissioned support</b>	<b>£3.0m</b>	<b>£5.0m</b>	<b>£0.0m</b>	<b>£0.0m</b>	<b>£0.0m</b>	<b>£8.0m</b>
<i>3.1 Strategic advice &amp; programme management</i>	<i>£1.0m</i>	<i>£1.6m</i>	-	-	-	<b>£2.6m</b>
<i>3.2 Ongoing support to Programme Management Office (PMO)</i>	<i>£0.5m</i>	<i>£0.8m</i>	-	-	-	<b>£1.3m</b>
<i>3.3 Service construct &amp; implement</i>	<i>£1.2m</i>	<i>£2.0m</i>	-	-	-	<b>£3.2m</b>
<i>3.4 Organisation Design (OD)</i>	<i>£0.3m</i>	<i>£0.6m</i>	-	-	-	<b>£0.9m</b>
<b>Total*</b>	<b>£3.9m</b>	<b>£8.8m</b>	<b>£2.4m</b>	<b>£2.1m</b>	<b>£0.7m</b>	<b>£17.9m</b>

**Tab. 1:** Estimated implementation costs from Business Case (see Cabinet Report, September 2018)

79. This report recommends that Cabinet note these investment proposals. Further detailed technology, people-investment and programme planning assessment and refinement will be undertaken if approval is given to the recommendations of this report, and subsequent approvals will be sought through the Service and Resource Planning process with initial inclusion in the Medium Term Financial Plan to 2022/23 to be agreed by Council as part of the 2019/20 budget setting processes.
80. There are a range of options that will be considered for funding the implementation costs beyond 2018/19 as part of the Service and Resource Planning process. These include: developing a Flexible Use of Capital Receipts Strategy which would enable capital receipts to be used in revenue for transformation purposes; revenue created by an improved position on income generation; offsetting the costs against savings as they are delivered; and the option of using surplus general balances or earmarked reserves. Realistically, it is likely that a combination of these methods will be used, depending on available resources and timing of both costs and savings.
81. The Business Case assumes that implementation costs would be incurred from the start of September 2018. The scale of internal mobilisation required and ensuring that resources are not committed ahead of decision-making processes has meant that implementation that will incur spending is not anticipated to commence until November 2018. As a consequence, the spending profile will need to be reprofiled as the programme plan is refined.
82. Given this reconsideration, expenditure through the remainder of 2018/19 to commence the first phase of the programme is estimated to be in the order of £3m. It is recommended that this expenditure is funded from the existing allowance within the Transformation Reserve which is sufficient to meet this in-year requirement.

## **Staffing Implications**

83. The September Cabinet report noted that implementation would have substantial impact for all staff in the way they work and set out the potential for overall loss of posts.
84. The Council's policy on job losses is, and will continue to be, to avoid redundancies wherever possible and to maximise redeployment opportunities. Throughout implementation, as in design, staff and unions will be consulted and the change processes managed in accordance with our agreed policies. The Council currently has processes to actively look for opportunities to redeploy staff who are at risk of redundancy. Should implementation go ahead these processes will be reviewed and existing resources supplemented to ensure we are able to best support the potential increased numbers of staff needing to be redeployed. £3m has been incorporated into the financial case to support the management of the change process.

## **Equalities Implications**

85. The Operating Model as set out in the September Cabinet report described at a high-level the design of a new approach for overall council operations. The report set out that in itself, adopting the Operating Model would not have a direct impact on residents or staff. However, it did note that the detailed implications and outputs of the Construct and Implement phases will impact on these groups. It therefore noted that detailed impact assessments will need to be undertaken throughout the Construct and Implement phases as each new service area is considered.
  
86. High-level potential impact, initial mitigating activity undertaken through design and plans for further assessment throughout implementation were set out in the Service and Community Impact Assessment (Annex 2 to the September report). The requirement for these assessments is incorporated into the agreed delivery principles and the delivery approach described above.

## RECOMMENDATIONS

### 87. The CABINET is RECOMMENDED to:

- a) Review and approve the approach for implementation set out in paragraph 9;
- b) Agree the recommended option for resourcing the approach through supplementing internal capacity with a strategic partnering arrangement (in-accordance with the access agreement entered into with PwC, following Cabinet's approval in July 2018) and alternative commissioned support as required, as set out from paragraph 28;
- c) Agree to the proposals for funding programme expenditure within 2018/19 from the Transformation Reserve as set out in paragraph 82;
- d) Note the outline future investment requirement set out from paragraph 71, and ask the Chief Executive and Director of Finance to bring forward further analysis and proposals for approval through the Service and Resource Planning process;
- e) Delegate to the Chief Executive in consultation with the Directors of Finance and of Law and Governance, the Leader, and the Cabinet Member for Transformation, the commercial negotiation and agreement of initial and any required future draw-down of support from PwC in accordance with the August 2018 work order, and the appointment of additional commissioned support, in accordance with normal decision-making procedures;
- f) Agree to the establishment of a Cabinet Advisory Group on the Fit for the Future Programme and to delegate finalisation of the group's specific remit to the Director of Law and Governance in consultation with the Leader and the Cabinet Member for Transformation.

Chief Executive

Contact Officer: Robin Rogers, Strategy Manager, October 2018

### Background documents:

Cabinet Report, *Implementation a new Operating Model for Oxfordshire County Council*, September 2018 including:

Annex 1: Business Case

Annex 2: Service and Community Impact Assessment

Cabinet Report, *Engagement of External Advisory Services*, July 2018