

Case for Change  
**Executive Summary**  
Oxfordshire County Council  
*Operating Model Assessment*

*January 2018*

*FINAL*



# Foreword from the Chief Executive...

## Foreword

We have come a long way over the past two years. During a period of unprecedented financial pressure and political uncertainty at a national level, we have secured significant savings, improved performance in some critical service areas and delivered substantial improvements to the way we are organised and operate.

At the same time, we have played a significant role in helping to ensure the County of Oxfordshire and the people we serve have the best possible opportunities to be successful. We have provided critical care to those that need it, helped others to retain their independence, maintained and improved the infrastructure on which we all rely and have helped to ensure our economy continues to be one of the fastest growing in the UK.

It is important to recognise how much has been achieved in such a short space of time, and in particular the way in which our Members, staff, partners and communities have worked together on this agenda. For all this success, however, it is clear that we have much more to do.

The financial challenge we face remains considerable. While we may not have the burning platform being faced by some other county councils, we will have to make savings in this and future years. A proportion of this will need to be directed towards ensuring we are able to balance the books. However, I am increasingly of the view that we have a significant opportunity to make different choices about how we deploy the resources that are available to us.

The work we carried out last summer, and developed over the autumn, has confirmed my belief that we should be raising our ambitions about the type of organisation we want to be. We are all familiar with the way in which service providers in other sectors harness technology and data to achieve their objectives. Similarly, we are becoming increasingly aware of the sorts of cultures other organisations have been able to develop – cultures that encourage collaboration, innovation, operating with a commercial mindset and taking risks to deliver better outcomes for customers.

I want all these things for Oxfordshire County Council. I believe we need to secure a step change to the way in which we think about and implement transformation. This report articulates how we can go about doing this – how we can transform our processes, technology, our use of data, our relationships with each other – to establish a 21<sup>st</sup> Century model of local government. Taking these steps will help us to improve our resilience, help our key services manage demand more effectively and ensure we become a more agile and entrepreneurial organisation.

This journey will not be easy. It will require us to be focussed, disciplined and imaginative. Critically, it will require us to accelerate change within the organisation. However, if we apply ourselves to this challenge as I know we can, we will be successful in building a Council that will help Oxfordshire and its residents to thrive for many years to come.



# Local government continues to face significant uncertainty especially in terms of decreased funding and increasing demand for its services...

## Context

Local government continues to face an unprecedented set of challenges. Further reductions in central government funding are creating a 20-30% funding gap, and there is increasing demand for existing and new services. Increasing budgetary pressures and service demand mean that councils have to do more with less.

PwC's Local State We're In 2017 review, an annual survey that consults local authority CEOs and Leaders, identified the following key themes which have begun to emerge;

- 1 The 'edge' feels closer:** Almost a third of councils now feel that the 'cliff edge' is imminent and are not confident of their ability to deliver next year.
- 2 Confidence in the sector is low:** When it comes to considering the sector as a whole, around half (54%) of respondents think that some local authorities will get into serious financial crisis in the next year, rising to 85% in the next five years. With the perceived threat of service and financial failure prevalent, the sector as a whole faces uncertainty as it looks to the future.
- 3 Council's are at the heart of public service reform:** As councils shift their thinking towards driving public service reform across their place, six out of ten respondents agree that councils should be more responsible for facilitating outcomes rather than delivering services. However, only four in ten fully understand how to measure outcomes while only a quarter know the cost of securing outcomes across a place.
- 4 Good growth continues to climb the agenda** – Place based growth has also risen up the agenda with councils' priorities for growth largely reflecting those of the public with skills, housing and transport topping the agenda. However, significant barriers remain in each of these areas, such as lack of investment in infrastructure, lack of affordable or suitable housing and lack of influence over skills.
- 5 Significant capacity and capability gaps remain** – Councils need to build organisational resilience and in particular develop new skills and commercial acumen in order to be effective. Areas in particular need of development are supply chain management, contract management, talent management, cyber security and data analytics.

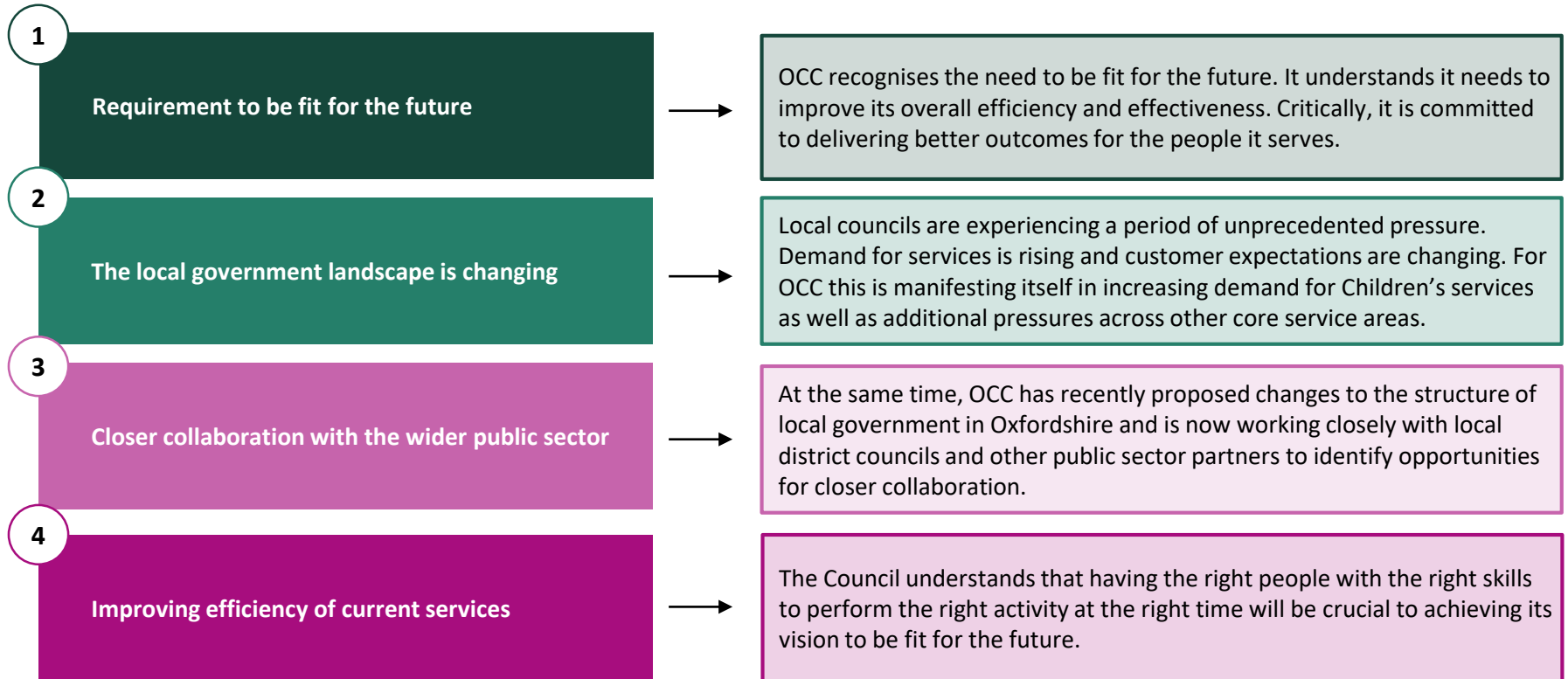


# Oxfordshire County Council (OCC) is in a better position than many Councils but still has to make changes in order to solve the challenges they face...

## Background

While the Council's current financial pressures do not constitute an immediate 'burning platform', there is a recognition amongst the Council Leadership Team (CLT) that OCC faces a number of challenges which the Council must be forward thinking in addressing in order to achieve their strategic ambition of creating, and maintaining, "Thriving communities for everyone in Oxfordshire".

## The challenges facing OCC



## Specifically the Council faces cumulative budgetary pressures of £34.1m to 2021/22 driven by demographic changes, legislative changes and existing savings initiatives that are not expected to be delivered...

### Scale of the financial challenge

In the most recent Service & Resource Planning 2018/19 to 2021/22 report to Cabinet (19<sup>th</sup> December 2017), Council officers identified that over the next four years the Council faces cumulative **budgetary pressures of £34.1m**, driven by:

- Demographic pressures, including increasing numbers of Children requiring placements and an increase in the number of children with disabilities.
- Legislative pressures, including those continuing to arise as a result of the implementation of the National Living Wage.
- Existing savings initiatives that are not expected to be achieved, including those related to services provided or commissioned for older people and people with learning disabilities.

In response to these pressures, the Council has identified a number savings initiatives, the successful delivery of which will be critical to ensuring it is able to meet the challenges it faces and succeed in delivering against its strategic ambition.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Improvements & Investments	£4.8m	£0.4m	£0.0m	(£0.5m)	£4.7m
Pressures	£18.4m	£9.0m	£6.5m	£0.2m	£34.1m
Savings	(£32.4m)	£0.0m	(£4.9m)	(£0.5m)	(£37.8m)
Transformation Savings Re-profiled	£15.0m	(£8.5m)	(£3.5m)	(£3.0m)	£0.0m
<b>Net Pressure / (Saving)</b>	<b>£5.8m</b>	<b>£0.9m</b>	<b>(£1.9m)</b>	<b>(£3.8m)</b>	<b>£1.0m</b>

*OCC – Overall Financial Position 2018/22 (as at 19<sup>th</sup> December 2017)*

Central to ensuring that OCC is able to respond to the financial challenges it faces is the need for the Council to develop an operating model that is efficient and effective, and facilitates a transformation in the way in which it delivers, or commissions, services for residents.

This case for change presents a compelling argument, based on a detailed operating model assessment (undertaken over the course of the Autumn 2017), for how the Council can transform their current operating model in order to release significant financial and operational benefits.



# In order to address these challenges, OCC has undertaken an operating model assessment to produce a case for change setting out how it needs to operate in the future...

## Structure of the case for change

### 1. Activity Analysis

**To begin with, OCC undertook an activity analysis to help it understand how staff effort was being deployed across the Council...**

Phase 1 - Activity Analysis

In the summer of 2017, the Council embarked on a detailed review of its operating model, initially through delivering an activity analysis. The results of this activity analysis confirmed that, unlike OCC's functioning reasonably effectively as an organisation, there was a number of areas where there are clear opportunities for improvement.

**Key messages from Phase 1: Activity analysis**

1. Considerable effort is being put into support services, even though some of these services are outsourced.
2. It is possible the Council could be utilising the information it holds about customers more effectively.
3. Complex processes, technology and immature digital offerings may be driving some of these characteristics.
4. Significantly less effort is being used to deliver services compared to the comparator group.
5. The strategic direction of the Council could be clearer.

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### 2. Operating Model Assessment

**Alongside this, the Council assessed the maturity of its current operating model and gave it the following RAG rating...**

RAG Rating OCC's current operating model

**Approach**  
Based on interviews held with Directorates/Leadership Teams, each area of the current operating model was RAG (Red, Amber, Green) rated to identify the largest opportunity areas.

**Key findings**  
In order for OCC to realise its full potential as an organisation, substantial change is required to its processes and technology. Alongside this, work needs to be done to ensure that decision making is based on robust, consistent and accessible performance information.

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### 3. Opportunities for Change

**Based on the findings from the operating model assessment, OCC has identified the following opportunities and enablers for change...**

Opportunities and enablers for change

The opportunities identified have been categorised against core themes (i.e. areas which present significant opportunity for change). In some instances, these offer the potential to generate efficiency savings (such as FTE reductions); in others the benefits are centred on third party spend reduction or income generation. It has also become clear over the course of the assessment that there are a number of enablers which hold the key to maximising the benefits achieved (these are also listed below).

**Business Model Drivers**  
What types of SA we want to be and 'doing different things'

**Operating Model Themes**  
Doing things differently

Place-based transformation and leadership	Service provision and delivery models	Digital workforce - flexible/modular/agile working	Commercialisation & income
Unlocking the power of communications	Customer management/contact & support model	Procurement & commissioning	Enabling & Support Services (e.g. Finance/ ICT Admin)
Partnership & integrated working	Strategic oversight & reporting	Role of the manager	Digital

The following enablers will hold the key to maximising the benefits achieved:

Processes, Performance Management, Technology, Information, People Capabilities, Organisation, Customer Offering

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### 4. Case for Change

**By linking the identified opportunity themes and enablers to benefit drivers, the Council has developed a case for changing how it operates...**

Building the case for change

**Opportunity Themes**

- Place-based transformation and leadership
- Unlocking the power of communications
- Partnership & integrated working
- Service provision and delivery models
- Customer management/contact & support model
- Strategic oversight & reporting
- Digital workforce - flexible/modular/agile working
- Procurement & commissioning
- Role of the manager
- Commercialisation & income
- Enabling & Support Services (e.g. Finance/ ICT Admin)
- Property, Assets & Estate

**Enablers**

- Customer Offering
- Organisation
- People Capabilities
- Information
- Technology
- Processes
- Performance Management
- Income generation

**Benefit Drivers**

- Efficiency & Effectiveness
- Manage Demand
- Start, Stop, Continue
- Economic of Scale & Focus of Expertise
- Resourcing levels
- Asset utilisation
- Income generation

**Benefits**

- Better staff and/or customer experience
- Service improvement & better outcomes
- Income
- 2<sup>nd</sup> Party Spend & other expenditure
- Employee Cost/FTE
- Releasing additional capacity

**Strategic Objectives**

- Financial Sustainability (£22.3bn to £37.6m benefit)
- Financial Sustainability (£22.3bn to £37.6m benefit)

Ultimately, the transformation work needs to fulfil the Council's strategic objectives. The following framework shows how the opportunities and enablers (see important benefit drivers) to provide the benefits shown below. These benefits will help the Council deliver its vision and outcomes and achieve financial sustainability.

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### 5. Target Operating Model

**A target operating model (TOM) will help the Council to achieve savings as well as put it in the best position to realise its strategic ambition...**

Developing a DRAFT TOM

The assessment of the Council's current operating model has provided a deep understanding of both the issues and opportunities for change. Bringing together data from the activity analysis, a digital diagnostic, stakeholder interviews, IT architecture review and workshops with best practice examples from elsewhere we have been able to take a view about the operating model changes which would add the most value to OCC as an organisation and most importantly to its residents.

**Possible solutions:** Over the following pages both the draft design principles and JRTM options are set out. The Council has been careful to take an approach which considers all dimensions of the operating model, rather than looking solely through a process lens.

**What could a new operating model look like?**  
A consistent approach will be applied to design different layers of the future digitally enabled operating model. Precise requirements and functionality for each layer will be defined, then the implementation will be planned.

**Rapid solution design and delivery**  
To secure some early benefits a rapid solution design approach will be deployed. This will aim to achieve a user experience for each opportunity.

**Procurement support**  
Phase 2 identified a number of opportunity areas in third party spend to achieve savings. A number of strategic savings plans will be developed and delivered to accelerate the delivery of early financial benefits.

OCC - DRAFT High Level TOM

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### 6. Approach to detailed design and implementation

**In order to capitalise on the work it has undertaken, and to achieve significant financial and operational benefits, the Council now needs to move into designing the detail of its TOM...**

Designing the TOM

A rapid three stage approach to building the detailed design of OCC's future operating model is shown below. In addition further information is shown on the proposed approach for delivering savings / realising capacity for re-investment and operational benefits through digital solution design as well as through strategic sourcing.

The Council will only be able to achieve the benefits associated with this TOM if it makes an active choice to pursue it and if the organisation is disciplined and relentless in making it happen.

**Digital operating model design**  
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Establish strategic direction and scope  
Design functional model  
Develop business case and implementation plan

Design principles and requirements  
Functional model  
Implementation plan and updated benefits case

User experience  
Conceptual prototype  
Customer research report

Consider the right life cycle approach for each opportunity.  
Create a prototype focused on key customer journey and concepts developed in the User Experience thinking.  
Test the prototype with customers and document findings in a customer research report.

Implement each approved initiative to realise the savings.

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### Phase 1 – Activity Analysis

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### Key messages from Phase 1 - Activity analysis

1. Considerable effort is being put into support services, even though some of these services are outsourced.
2. It is possible the Council could be utilising the information it holds about customers more effectively.
3. Complex processes, technology and immature digital offerings may be driving some of these characteristics.
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## Alongside this, the Council assessed the maturity of it's current operating model and gave it the following RAG rating...

### RAG Rating OCC's current operating model



#### Approach




Based on interviews held with Directorate Leadership Teams, each area of the current operating model was RAG (Red, Amber, Green) rated to identify the largest opportunity areas.

#### Key findings

In order for OCC to realise it's full potential as an organisation, substantial change is required to it's processes and technology.

Alongside this, work needs to be done to ensure that decision making is based on robust, consistent and accessible performance information.

#### Key:

-  **Green** – Change would build on a good foundation.
-  **Amber** – More could be done.
-  **Red** – Extensive opportunities for improvement.



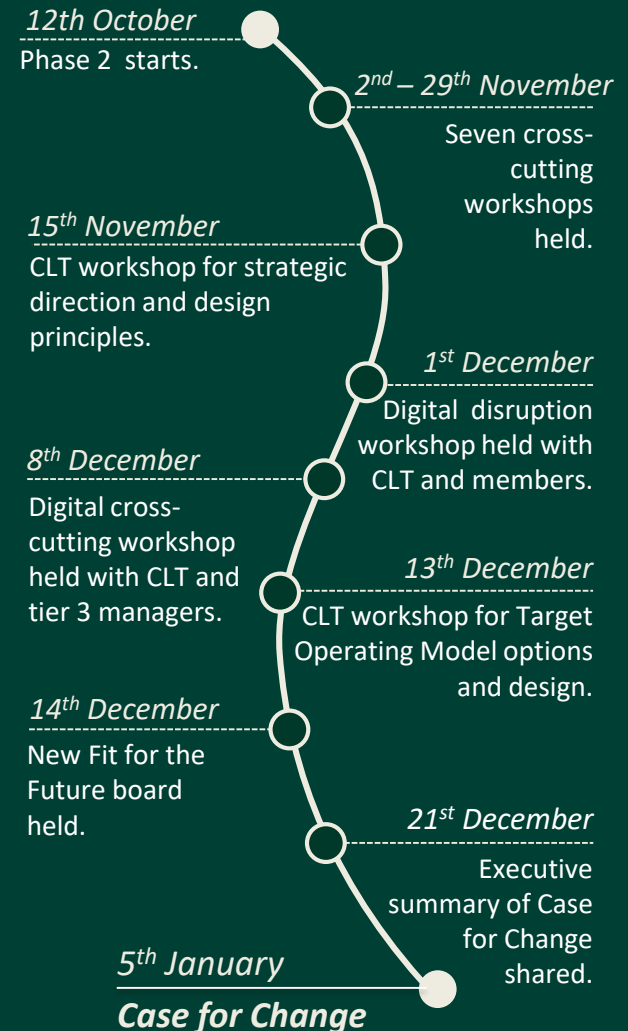


## The Council continued to assess it's current operating model through a further phase of work...

### Phase 2 – Operating Model Assessment

- 1 Financial analysis and high level operating model design**  
 Further analysis of the opportunity areas identified during the activity analysis.
- 2 Strategic support to programme sponsor**  
 Provision of strategic advice and capacity to the operating model assessment programme sponsor.
- 3 PMO mobilisation and support**  
 Review of current transformation programme and development of a revised programme of activity.
- 4 Third party spend analysis**  
 Detailed examination of spend with third parties to identify opportunities to drive future efficiencies and ensure value for money.
- 5 Digital diagnostic and vision**  
 In depth assessment of current approach to digital and support to develop future digital vision.

### Continuing the operating model assessment journey



## Through completing this second phase of work, the Council gathered further insight into the strengths and weaknesses of its current operating model...

Linking the key messages from Phase 1 with the findings from Phase 2

### Key messages from Phase 1



*Considerable effort is being put into support services, even though some of these services are outsourced.*



*It is possible the Council could be utilising the information it holds about customers more effectively.*



*Complex processes, technology and immature digital offerings may be driving some of these characteristics.*



*Significantly less effort is being used to deliver services compared to the Council's comparator group.*



*The strategic direction of the Council could be clearer.*

### Findings from Phase 2

*The Council does not consistently demonstrate leading practice in the delivery of support services.*

*Decision making across the Council is not robustly informed by data and insight.*

*The Council has not fully exploited the potential of digital technology.*

*There is duplication and fragmentation of staff effort across all areas of the Council.*

*The Council is not clear on how it will achieve its strategic ambitions.*

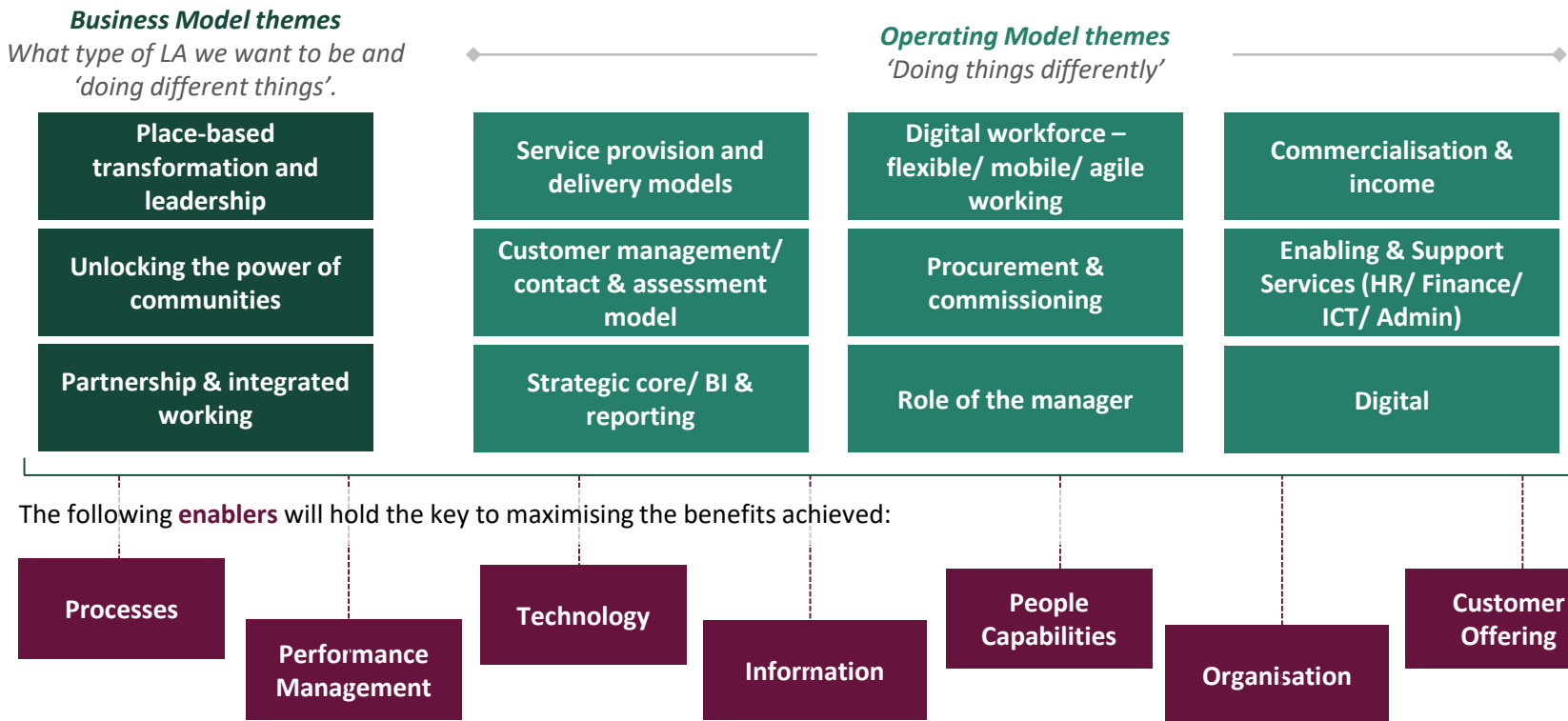
*Addressing the **challenges and opportunities** identified through the operating model assessment will provide the Council with **a strong foundation** upon which to achieve its strategic ambitions.*



## Based on the findings from the operating model assessment, OCC has identified the following opportunities and enablers for change...

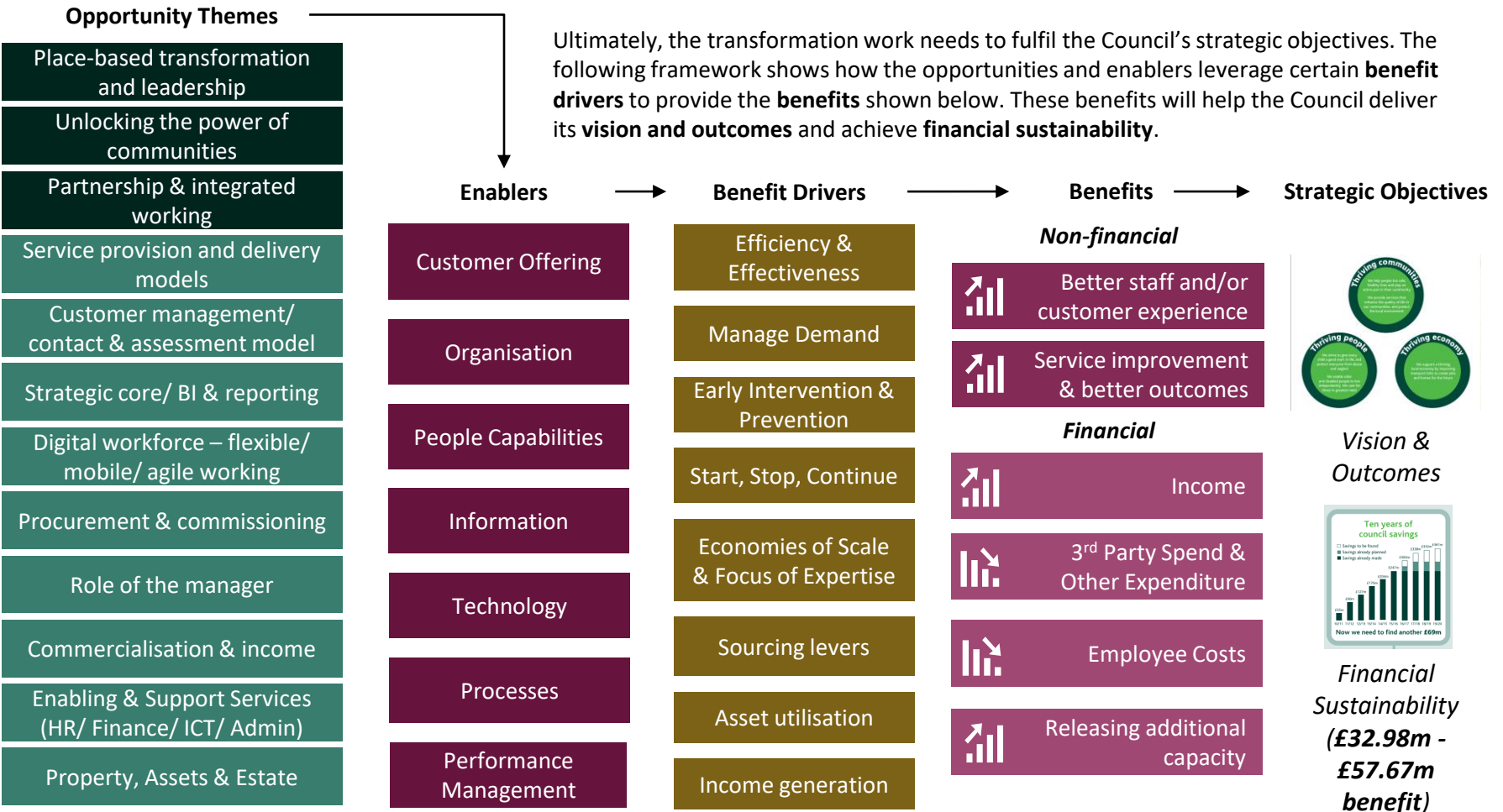
### Opportunities and enablers for change

The opportunities identified have been categorised against **core themes** (i.e. areas which present significant opportunity for change). In some instances, these offer the potential to generate efficiency savings ; in others the benefits are centred on third party spend reduction or income generation. It has also become clear over the course of the assessment that there are a number of **enablers** which hold the key to maximising the benefits achieved (these are also listed below).



# By linking the identified opportunity themes and enablers to benefit drivers, the Council has developed a case for changing how it operates...

## Building the case for change





## By addressing the opportunity themes, enablers and benefit drivers, OCC has the potential to deliver the following benefits...

### Benefit categories

1	<i>Operating model transformation</i>	Moving to a new <i>Operating Model</i> will accelerate the benefits of addressing the more challenging areas identified in the Council's operating model assessment. The level of savings / capacity released will depend on the TOM options chosen.	<i>It is estimated that OCC could achieve a minimum <b>£21m</b> of benefit, but there is the potential to achieve more than this (up to <b>£33m</b>)</i>
2	<i>Quick wins</i>	In addition to designing and implementing a new operating model, there will be a number of opportunities that can be implemented at pace alongside accelerated delivery of targeted components of the new TOM.	
3	<i>Strategic sourcing &amp; process improvements</i>	A wholesale review of procurement and contracts should yield significant benefits for the Council. Based on experience elsewhere and the work already completed under third party spend review workstream, it is estimated the Council could achieve at least <b>£8m</b> of benefit on its third party spend.	<i>It is estimated OCC could achieve at least <b>£8m</b> of benefit, but there is the potential to go achieve more than this (up to <b>£17m</b>)</i>
4	<i>Commercialisation</i>	There are a number of opportunities for non-people related initiatives to drive additional income from the Council's services. This could include a review of fees and charges, service cost recovery, or other trading or commercialisation opportunities. Based on experience elsewhere, this could generate at least an estimated <b>£4m</b> of additional benefit.	<i>It is estimated OCC could achieve at least <b>£4m</b> of benefit, but there is the potential to achieve more than this (up to <b>£8m</b>)</i>

## There are opportunities for the Council to deliver savings, or to release capacity, through transforming the shape and structure of it's operating model...

### Operating model transformation & quick wins (minimum benefit scenario shown)

Activity area	Benefit driver	Existing cost	Transformed Cost	Benefit
Customer management	<ul style="list-style-type: none"> <li>Consolidation of contact</li> <li>Leveraging technology</li> <li>Single view of the individual enabled by technology</li> </ul>	£29m	£22m	£7m
Service delivery		£33m	£32m	£1m
Customer support	<ul style="list-style-type: none"> <li>Mobile technology</li> <li>Community engagement and self-serve</li> </ul>	£34	£26m	£8m
Strategic core	<ul style="list-style-type: none"> <li>Standardising ways of working</li> <li>Consolidation of activity</li> <li>Integrated technology</li> </ul>	£25m	£23m	£2m
Support services		£24m	£21m	£3m
<b>Operating Model Transformation Savings - Total</b>		<b>£145m</b>	<b>£124m</b>	<b>£21m</b>

Please note that all numbers are rounded to the nearest whole number.

## As well as through changing the way it spends money with it's external suppliers...

### Strategic sourcing

Category	In scope spend	Priority	Number of opportunities	Overall Savings Low	Overall Savings High	Overall Savings Low	Overall Savings High
				£		%	
Adults Social Care	£167.9m	H	5	£3.46m	£6.93m	2%	4%
Children's Social Care	£34.0m	H	4	£1.10m	£2.12m	3%	7%
Construction, Repairs & Maintenance	£2.1m	M	2	£0.08m	£0.23m	4%	11%
Facilities Management	£12.1m	H	2	£0.82m	£1.63m	7%	13%
Human Resources	£12.9m	H	3	£0.37m	£0.85m	3%	6%
Environmental Services	£10.1m	M	2	£0.11m	£0.23m	1%	2%
ICT	£8.8m	TBC	2	£0.13m	£0.25m	1%	3%
Vehicles & Transport	£9.4m	M	2	£0.22m	£0.43m	1%	3%
<b>Sourcing savings</b>	<b>£257.3m</b>	-	<b>22</b>	<b>£6.28m</b>	<b>£12.76m</b>	<b>2%</b>	<b>5%</b>
Process improvements	£386.9m	-	-	£1.50m	£3.90m	2%	4%
<b>Total 3rd party spend savings</b>	<b>£386.9m</b>	-	-	<b>£7.78m*</b>	<b>£16.66m</b>	<b>2%</b>	<b>4%</b>

\*Rounded to 2dp as per 3<sup>rd</sup> Party spend deliverables

## Finally, there are opportunities for the Council to generate additional income from some of the services it provides to residents...

### Commercialisation

Topic	Rationale	Benefits	Ease of delivery	Indicative Value
Strategy	The Council should put in place a clear and well communicated commercial strategy, underpinned by robust data and evidence and setting objectives with which service and business unit targets align.	Stronger decision making, realistic targets, activity focused on the right things, increased income	A	Medium
Skills	A review should be carried out to determine the skills and capacity needed to deliver the new commercial strategy. The review should assess the extent to which these are already in place, how they can form part of future recruitment strategy and what immediate gaps the Council might need to fill.	Capability to deliver commercial strategy, increased income, sustainable workforce	A	Medium
Process	The Council should implement clear and simple processes to support service cost recovery and commercial ventures e.g. council-wide fees and charges register.	Operational excellence, income maximisation	G	Low
Cost recovery	Understand current cost of services and whether more can be done to recover costs. This could include increasing associated fees and charges and exploring new service models and/or approaches.	Increased income, consistency and transparency	R	Medium
Delivery	Develop a portfolio of commercial ventures which spreads risk and is properly governed and for which there are clear objectives (e.g. could be income generating where this supports corporate objectives).	Increased income on a sustainable basis as the risk is spread, maximising the Council's assets and harnessing staff skills and ambitions	R	High



## If the Council implements all of the opportunities identified, it could expect to achieve the following cost / benefit profile over the next four years...

### Cost / Benefit Profile

It is anticipated that implementing the opportunity themes identified through this operating model assessment, will deliver between **£33m** and **£58m** of on-going benefits over the next four years.

The implementation programme (Phase 4) will require an estimated net capital investment in year 1 of **£2.38m**, but will turn cash positive in year 2.

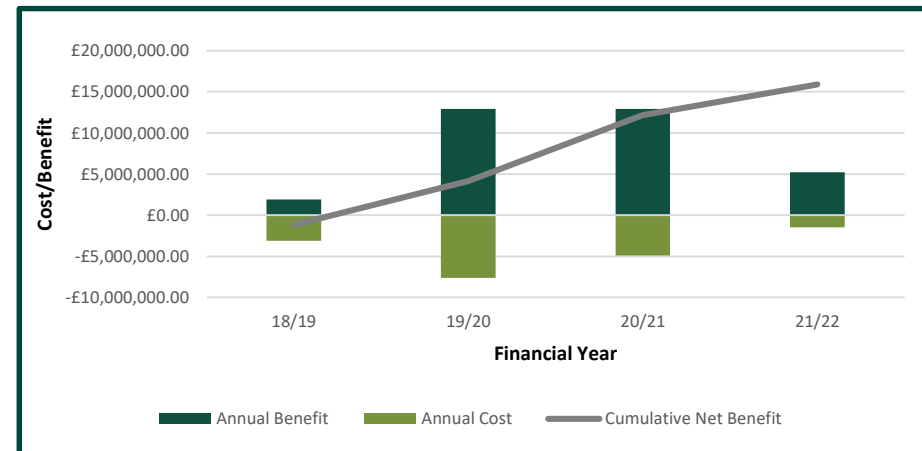
This estimated required investment is made up of technology, people costs such as training and change management and implementation support. A proportion, possibly even all of these one off costs could be capitalised.

The estimated investment costs are displayed in the table below (and they are profiled across the period in the table opposite):

Technology (e.g. new systems)	People (e.g. backfill)	External Support	Total
£6m	£3m	£8m	£17m

These one off capital investments will enable the Council to construct and implement its TOM, as well as to implement the new ways of working and technologies that are required to deliver the savings identified in this case for change.

The graph to the right shows the benefit off the baseline over a four year period, using the minimum benefit scenario. Following the detailed design work (phase 3), a refined benefits position will be produced based on further due diligence work.



	18/19	19/20	20/21	21/22	Total
Annual benefit	£2m	£13m	£13m	£5m	£33m
Annual capital cost	-£3m	-£8m	-£5m	-£1m	-£17m
Annual net benefit	-£1m	£5m	£8m	£4m	-
Cumulative net	-£1m	£4m	£12m	£16m	-

Please note that all numbers are rounded to the nearest whole number.

#### Cost assumptions

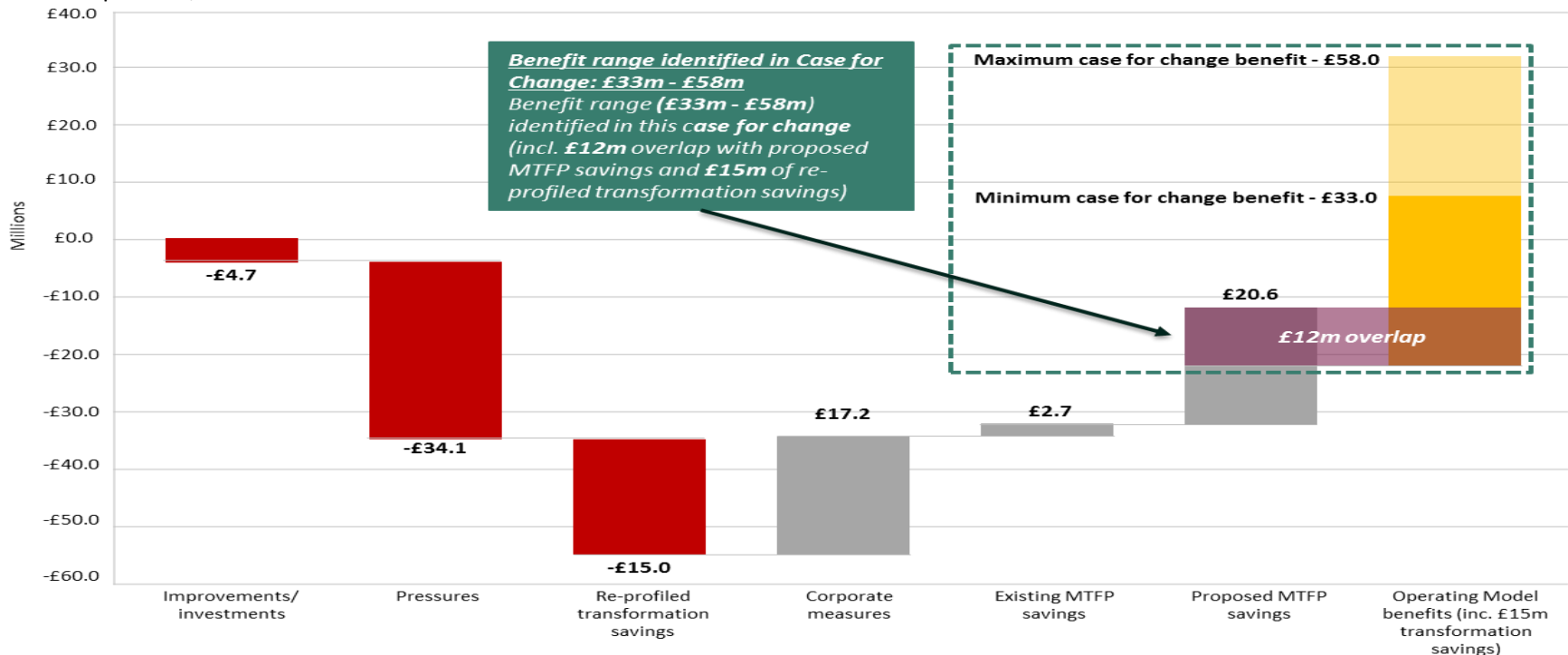
- All costs are based on a high level assessment and further refinement work / due diligence will be required in the next phase.
- Technology costs exclude some costs already identified by OCC (e.g. Liquid logic implementation - £3.0m and LGSS - £180.0k), we have also assumed OCC will expand the functionality of GOSS.
- Redundancy costs have been excluded from the cost estimate calculation
- Any costs associated with the detailed design and implementation planning phase (phase 3) have also been excluded.

# The Council has already begun its transformation journey and the benefits identified in this Case for Change build on the work completed so far...

## Linking the benefits identified to the Council's current financial plan

The Council has identified that over the next four years it faces cumulative **budgetary pressures of £34.1m** and that it needs to make **£4.7m** of investments and improvements over the same period. Alongside this, the Council has re-profiled **£15m** of expected transformation savings into the period 2019/22.

In response to this challenge, the Council has identified a number of ways that it can address these pressures. The benefit opportunities set out in this Case for Change build on the existing transformation activities the Council has undertaken and it is recognised that there is some cross over in terms of the benefits identified. The extent of this overlap and the residual impact of the identified savings on the Council's overall financial position, is set out below:



## This will allow the Council to address the immediate financial pressures it faces and invest the additional benefits delivered in the development of alternative delivery models that will be more sustainable in the future...

### What can the Council do with the benefit?

Pursuing the available benefits should not be thought of as a simple cost-cutting measure. There are multiple routes to improving the Council in the short and long term, delivering improved services and longer term sustainability for the Council.

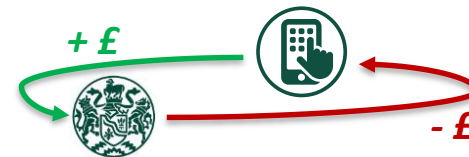
#### *Release cash to deal with existing financial pressures*



The Council has identified that it needs to deliver £15.0m of savings through transforming the way it operates over the period 2018 – 2022 in order to achieve a balanced budget position.

The cumulative net benefit figure identified in the development of this case for changing the way in which the Council operates includes the £15.0m transformation savings required to achieve a balanced budget position in 2021 /22.

#### *Reinvest in alternative delivery models to achieve long term sustainability*



If the Council is successful in delivering the full range of benefits identified in this case for change, then it will be a position where it has some choices about what to do with the residual financial benefit delivered.

A key area for the Council to consider is re-investing a proportion of any residual financial benefit in the development of alternative delivery models, for core services, with the aim of achieving services that are both operationally and financially sustainable in the longer term. This would also put the Council in the strongest possible position to deliver against its stated strategic ambition of creating, and maintaining, “**Thriving communities for everyone in Oxfordshire**”.



# At the same time as securing a more sustainable future for the Council, implementing a new operating model would improve resilience and help to achieve better outcomes for local residents...

## A 21<sup>st</sup> Century model of local government

In addition to the significant financial benefits that could be achieved, by focusing on delivering a holistic transformation of its current operating model, the Council could expect to secure a number of other benefits. The Council has an opportunity to develop a model of local government that is streamlined, entrepreneurial, agile, innovative and ambitious. This more productive model of public administration has the potential to be used as the template for the development of new councils elsewhere in the country.

### *What will this mean for customers?*

Customers will be more empowered to resolve their own issues, accessing services and information via a state of the art online self service portal. For more complex enquires, specialists will have more time to dedicate to service users, working with them to consider their needs in greater detail. The customer experience will be consistent that which they experience in other aspects of their lives and will live up to their expectations.

### *What will it mean for services?*

Services performance will be enhanced. Processes will be more consistent and capacity will be released to help services focus on managing demand more effectively, using predictive analytics to anticipate community needs and ensure their reasonable expectations are met. The resilience of some of the Council's more critical services – such as Adult Social Care and Children's Services will be improved, reducing the likelihood of service failure and improving the capacity of these types of services to manage demand more effectively.

### *What will it mean for staff?*

Staff will feel empowered to help the Council deliver its ambitions. They will be more innovative, more commercially astute and be trusted to take the right sort of risks in pursuit of service improvement. The Council will feel less siloed, with a more obvious culture of collaboration. The workforce will be more agile, relying on technology that helps them fulfil their duties simply and effectively.

### *What will it mean for Oxfordshire and its communities?*

The transformation of the Council's operating model will exploit the local advantages Oxfordshire possesses. It will offer opportunities for local tech start ups and data scientists to engage with the Council, to help it solve complex problems and to become part of a wider ecosystem of public sector innovators and suppliers. Communities will also benefit, receiving more support to help solve their own issues and improve outcomes within their localities.



## A target operating model (TOM) will help the Council to achieve savings as well as put it in the best position to realise it's strategic ambition...

### Developing a DRAFT TOM

The assessment of the Council's current operating model has provided a deep understanding of both the issues and opportunities for change. Bringing together data from the activity analysis, a digital diagnostic, stakeholder interviews, IT architecture review and workshops with best practice examples from elsewhere we have been able to take a view about the operating model changes which would add the most value to OCC as an organisation and most importantly to it's residents.

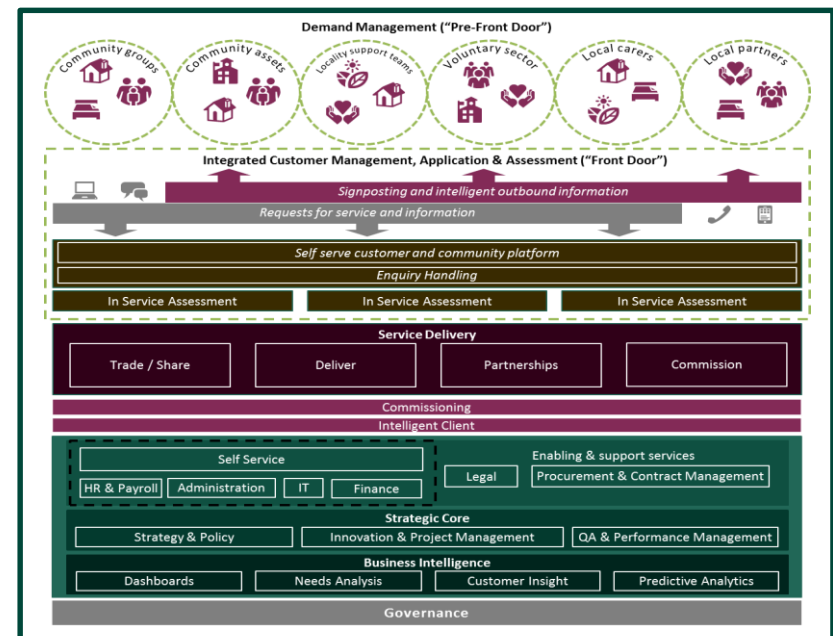
**Possible solutions:** Over the following pages both the draft design principles and draft TOM options are set out. The Council has been careful to take an approach which considers all dimensions of the operating model, rather than looking solely through a process lens.

### What could a new operating model look like?

The proposed draft TOM itself is built on the premise that everything OCC does could be more robustly built on data and insight, informing our strategy. The Council could then commission and procure the right services to deliver it's strategy, putting in place excellent support services to make sure it can deliver efficient and effective services which achieve it's objectives.

OCC's customers would be able to access these services through a variety of channels and the Council could manage demand innovatively and effectively through increasing the resilience of it's communities. Data collected about OCC's communities and customers could feed back into the Council's analytic capability, informing it's future strategy.

The Council will only be able to achieve the benefits associated with this TOM if it makes an active choice to pursue it and if the organisation is disciplined and relentless in making it happen.



OCC – DRAFT High Level TOM

## It is important to note that in starting to think about its TOM the Council have made a clear commitment to harnessing the power of digital and disruptive technologies to help it achieve its strategic ambition...

### Harnessing the power of digital and disruptive technology

While the operating model assessment summarised in this case for change presents a compelling argument for how OCC can transform its operating model it has also served as an opportunity for Members and Officers to think about how the Council can harness the power of digital and disruptive technologies in achieving its strategic ambition.

Over the course of 2 all day workshops focusing on Digital Disruption and Digital Cross-Cutting Members and Officers were able to consider the impact that digital and disruptive technologies would have, and in many cases are already having, on the residents of Oxfordshire.

As an outcome from these sessions the Council now has the following:

- 1** *An understanding of the current state of digital & disruptive technology trends and most importantly how these will (are) already impacting residents.*
- 2** *A clear view of how these technologies can help the Council achieve its strategic ambition.*
- 3** *A direction of travel for its future operating model that is based around harnessing the power of digital and disruptive technology.*



LOCAL KNOWLEDGE  
COLLABORATING WITH  
TECHNOLOGY



FUNDAMENTAL  
SHIFT IN THE  
ROLE OF THE  
COUNCIL  
FASTER DIFFERENT  
WAYS OF WORKING



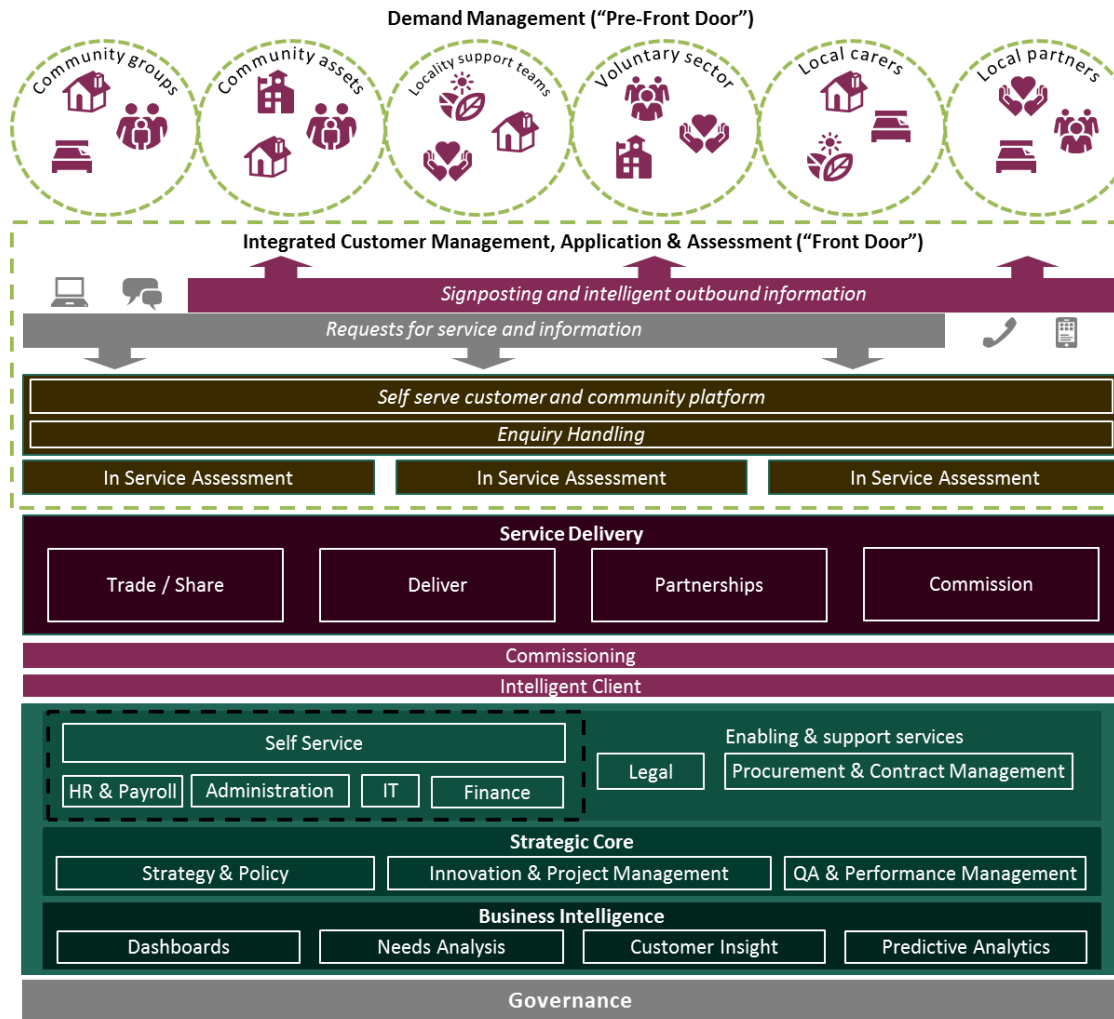
WHAT IS  
OUTSIDE THE  
COUNCIL WALLS?  
USE TECH TO IDENTIFY  
THE PROBLEM & DO  
THINGS SMARTER

*The concepts and themes shown above represent just some of the ways that digital and disruptive technologies can be harnessed by the Council in the design and delivery of its TOM.*



# Looking at the DRAFT TOM in more detail...

## DRAFT TOM





# OCC's TOM will be built on a set of design principles which will guide the Council as it designs out each layer and component...

## DRAFT Design principles

Operating Model Component	DRAFT Design principle
Customer Offering	<ul style="list-style-type: none"> <li>Residents are experts in their own lives - they are the best to identify outcomes, inform service design and help themselves within their community.</li> <li>We will hold a 'single record' for each of our customers making it easier for us to understand our communities, manage demand and offer support/ intervention based on need.</li> </ul>
Processes	<ul style="list-style-type: none"> <li>We will design processes around the user and their experience, enabling self-service at every opportunity.</li> <li>We will be transparent about the ways in which we manage risk.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Systems, applications and infrastructure will be designed around business need, with a consistent approach to functional requirements.</li> <li>We will ensure that technology is always an enabler, not a hindrance.</li> </ul>
Information	<ul style="list-style-type: none"> <li>Our decisions will be informed by sound business intelligence and data analytics</li> </ul>
Organisation	<ul style="list-style-type: none"> <li>We will provide transparency, clarity and consistency on roles and expectations across the organisation</li> <li>Accountability will sit at the most appropriate structural and community level</li> <li>We will consolidate strategic and common functions with a clear purpose, maintaining flexibility in local delivery</li> </ul>
People Capabilities	<ul style="list-style-type: none"> <li>We will enable all our people to use their creativity to develop innovative solutions to the challenges we face.</li> </ul>
Performance Management	<ul style="list-style-type: none"> <li>We will measure the right things, through a consistent performance management framework, from corporate outcomes to individual performance</li> </ul>



## It is important to note that there is no single answer when it comes to designing an operating model and that the Council faces a number of choices...

### TOM choices

The table below sets out the key issues from the current operating model assessment against the components of the future operating model. It also shows some of the potential solutions and some of the potential options that need to be explored and agreed.

TOM component	Assessment of current operating model	Direction of travel / choices
Data and Insight	Data and insight does not fully underpin the organisation and does not draw on interactions with customers and partners.	Consolidated data and insight team
Strategic Core	Effort spent on strategic functions is highly dispersed and duplicated across the organisation.	Consolidated strategic core function.
Procurement & contract management	Procurement activity is highly dispersed and duplicated, with unclear governance and a lack of structure.	<ol style="list-style-type: none"> <li>Centre of Excellence</li> <li>Centre-Led Hub and Spoke</li> </ol>
Enabling & support services	Internal service processes such as HR and finance are clunky and are not supported by state of the art technology.	Consolidated support services with improved processes and technology.
Service Delivery	Service delivery occupies less of the organisation's effort than it should and the workforce isn't as digital and flexible as it could be.	Flexible and mobile workforce using a range of delivery models.
Customer Contact and Assessment	Customer contact and assessment has a fragmented structure and approach.	Contact <ol style="list-style-type: none"> <li>Single Front Door</li> <li>Integrated Customer Management Assessment               <ol style="list-style-type: none"> <li>In service assessment</li> <li>Consolidated assessment hub</li> </ol> </li> </ol>
Community Resilience	Communities are not adequately supported to be resilient for the future, with assets such as libraries and digital not fully exploited to facilitate this.	<ol style="list-style-type: none"> <li>Asset-based approach</li> <li>Digital Platforms approach</li> <li>Partnership approach</li> </ol>



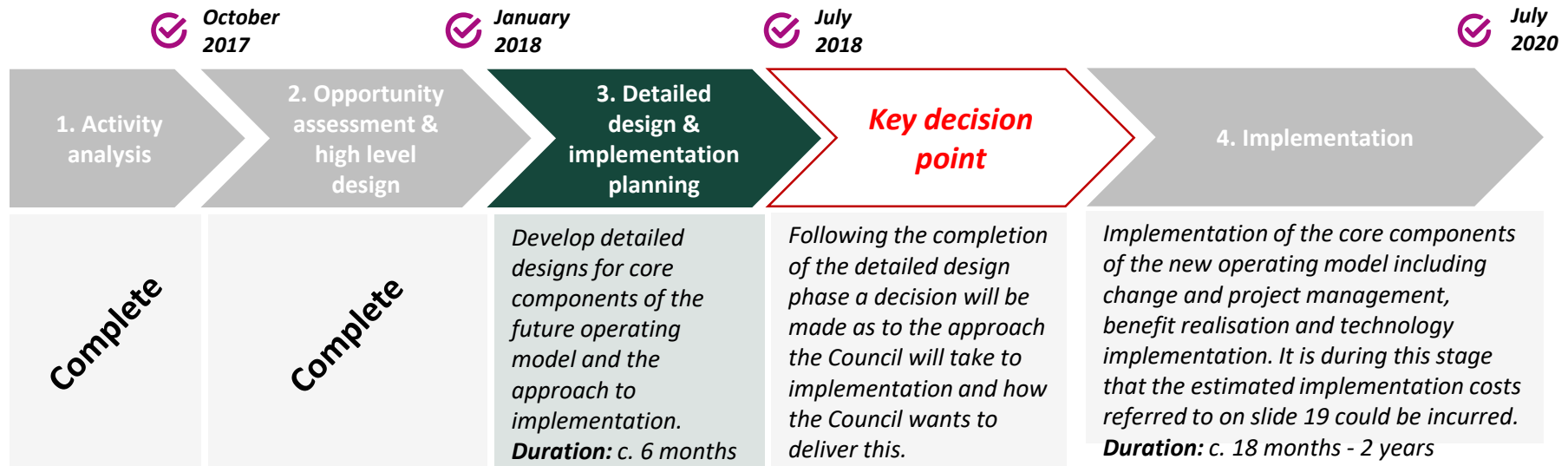
## This case for change presents a compelling argument for how OCC can transform it's operating model. The next stage of the journey will be to develop a detailed design for the Council's future operating model...

### The next stage of the journey

The Council has taken significant steps towards becoming a more efficient and effective organisation in the future. The activity analysis enabled the Council to look at itself in a holistic manner, to understand how its effort and resource were being deployed and to identify broad opportunities for improvement.

The subsequent operating model assessment and high level design injected pace and discipline into the transformation activity. This work assessed and built upon the opportunities identified in Phase 1 and developed a clear business case for change.

The Council now needs to harness the momentum achieved in Phase 1 & 2 by developing a detailed design for the Council's future operating model. This will involve broad engagement with staff and stakeholders to ensure that the momentum that has been built up does not dissipate. The outcome of this phase of work will be a clear view of how the Council's functions will be organised in the future, what this will mean for services, customers and stakeholders and a detailed plan for implementation.





# In order to capitalise on the work it has undertaken, and to achieve significant financial and operational benefits, the Council now needs to move into designing the detail of its TOM...

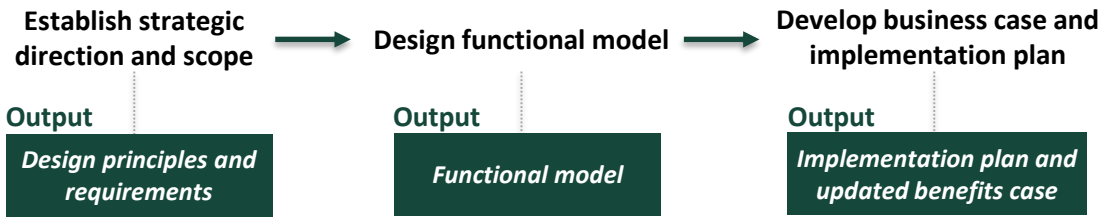
## Designing the TOM

A rapid three stage approach to building the detailed design of OCC's future operating model is shown below. In addition further information is shown on the proposed approach for delivering savings / realising capacity for re-investment and operational benefits through digital solution design as well as through strategic sourcing.

The Council will only be able to achieve the benefits associated with this TOM if it makes an active choice to pursue it and if the organisation is disciplined and relentless in making it happen.

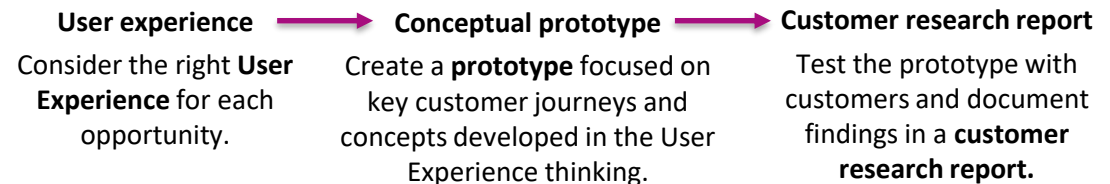
### Digital operating model design

A consistent approach will be applied to design different layers of the **future digitally enabled operating model**. Precise requirements and functionality for each layer will be defined, then the implementation will be planned.



### Rapid solution design and delivery

To secure some early benefits a rapid solution design approach will be deployed. This will aim to achieve a cost or time efficiency, or service improvement.



### Procurement support

Phase 2 identified a number of opportunity areas in third party spend to achieve savings. **A number of strategic savings plans will be designed and delivered** to accelerate the delivery of early financial benefits.

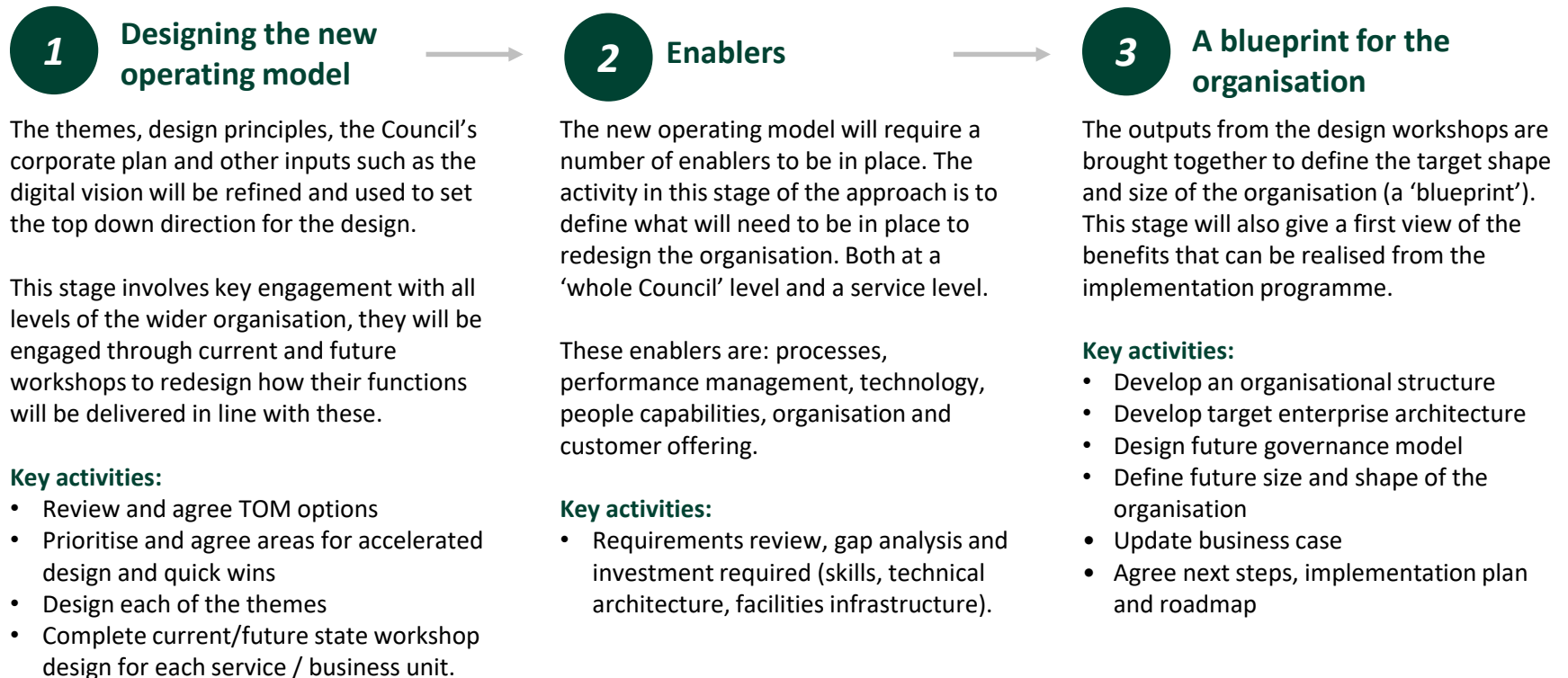




# The individual stages of designing out the Council's operating model are set out below...

## Stages of detailed design

To date the project has seen very good engagement from across the Council. As included in our recommendations, in order to maintain that momentum and support, we are proposing that you rapidly mobilise a team (and subsequent governance arrangements) and start the detailed operating model design. Below are the stages of a design:





## Once the Council has completed the detailed design of its TOM it can then move forward into implementation...

### 3 year implementation roadmap

