

South Hams District Council and West Devon Borough Council

Future Operating Model Blueprint - Summary

1. Introduction

Following the completion of the Blueprinting phase, a report has been developed as a working document to initiate discussion. This is a summary of that report.

Please bear in mind that changes are inevitable along the way, as we mould the model to meet the needs of the two councils. However, the core concept of the Future Operating Model (FOM) remains the same.

Background

Last summer, we carried out a Proof of Concept of the Future Operating Model (FOM) to develop a business case. This identified potential savings for SH and WD Councils of 24% with a reduction of 97 Full Time Equivalent staff (FTEs) and £2.5 million in annual savings. The staff in scope for this initial area of work totalled 411 FTEs.

The Proof of Concept provided the basic data on which to make the decision to move forward with the FOM. The savings identified were sufficient enough to develop a technology specification, and implementation plan.

In order to provide the necessary detail for the technical specification and develop the implementation plan, a more detailed analysis of the FOM was needed covering all services.

This analysis – the Blueprinting activity – excludes the ferry and harbour workforce, tourism officers and the Area of Outstanding Natural Beauty team. The staff included within the Blueprinting activity was therefore reduced to 377 FTEs.

Approach

Our approach to developing the Blueprint has focused on two areas. Firstly, refining the activity analysis detail from the Proof of Concept phase by analysing the detailed activity of all service areas in scope. Secondly, we have used process analysis and mapping to understand how work is done in each of these service areas and how it might be modelled differently in the future.

Revised Business Case

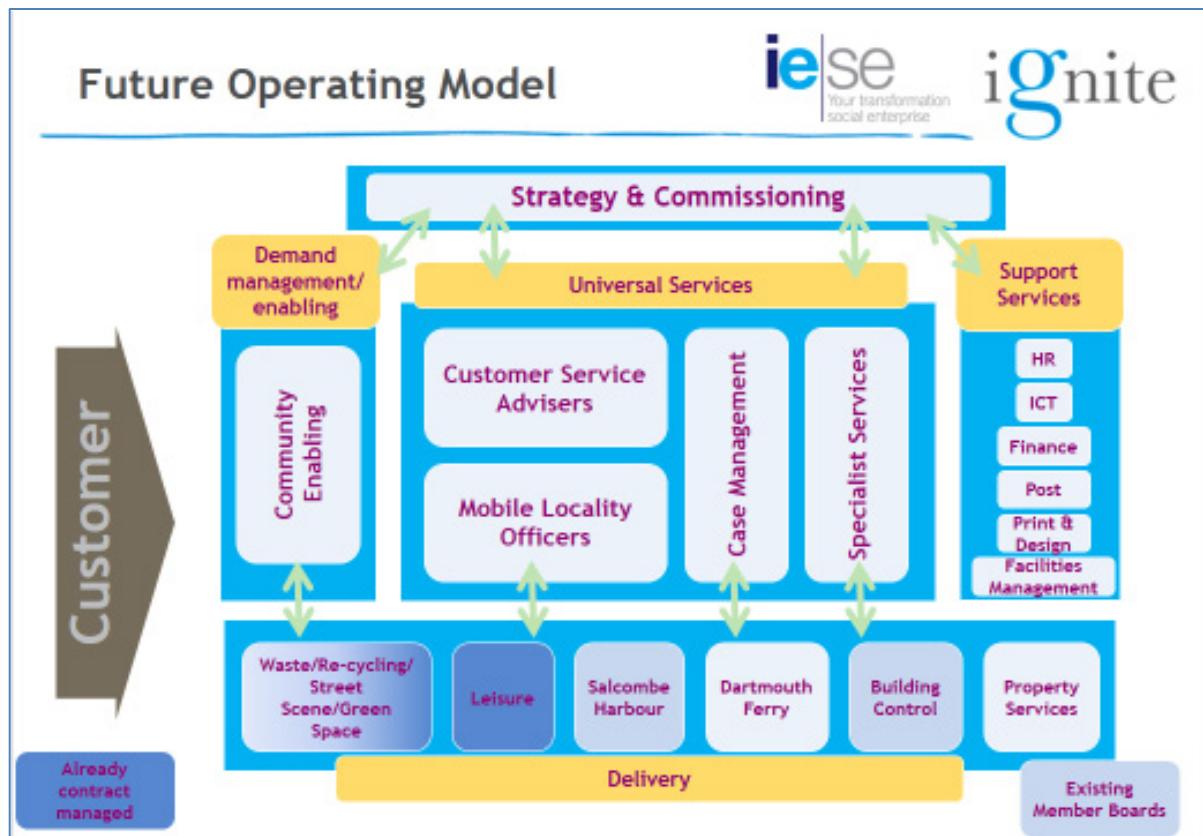
The report provides the detail required for the delivery of the Future Operating Model (FOM) for South Hams and West Devon Councils (SHWD). It includes a refined business case and an evidence based organisational design. A detailed implementation approach including governance structure and plan is included.

A total of 376.7 FTEs were identified as being in scope at a cost (base salary) of £9.629 million. As a result of the Blueprinting exercise the number of FTEs are reduced by 95 (25%) to 281.3 with a corresponding reduction of £2.299 million (24%) of base salary cost. With on costs estimated to be £614,442, this equates to an organisational saving of £2.913 million. (On costs have been calculated using actual base salaries plus percentages for each council).

Despite the FTE numbers in scope reducing from the Proof of Concept, the FTE reduction has only reduced from 97 to 95. However there is a larger reduction in financial saving between the two, which results from an increase in the number of more specialist level roles than planned in the Proof of Concept. Within the activity analysis it was apparent that in some areas, people were unwilling at this stage, to move some of the specialist activity to case management/mobile locality officers and community enabling. This will need to be

addressed through further understanding of the model during the detailed design phase to ensure that the original levels of predicted savings are achieved.

A revised FOM was developed:



Key elements of the FOM

- **Delivery.** As described in the revised business case the Harbour and Ferry organisations sit outside the scope of the FOM design, however they remain in the context of being standalone/'ring fenced' delivery units. Additionally Building Control, whilst out of scope for the model, is part of Delivery as a 'ring fenced' operation with its own existing member board. All other delivery based personnel were also excluded, however there are elements of the existing activity within Waste & Recycling, Civil Enforcement & Street Scene and Green Space that were identified as service delivery. These will need to be combined with the core delivery unit to ring-fence service delivery in the new model during detailed design. Leisure services are a standalone unit as they are already predominantly a contract management function. Property Services, whilst predominantly supporting the internal customer are also shown separately as a delivery unit, although some elements will be split out to remain within the UCC. The diagram above shows a potential view of how these separate units could operate. In this framework each unit could be an 'in-house' delivery unit or a third party managed service.
- **Support Services.** The FOM is based on the concept of customer service, which in the case of any organisation will predominantly focus on the external customer. However for support functions the concept of the internal customer must be introduced so that the same values and behaviours

permeate the organisation. In order to develop the FOM, understanding internal customer needs will support decisions on organisational design:

- Governance and democratic services. Typically provides support to the executive and governing body to fulfil the democratic process
- Support services. Typically provide support to the whole organisation, both operationally and strategically

As each of these areas has different customer needs, the FOM above shows Corporate Support Services aligned closely with the service delivery elements – universal customer contact, customer enabling and delivery. Democratic Support and Governance services will sit closer to the executive body within Strategy & Commissioning.

- **Universal customer contact.** Universal customer contact (UCC) encompasses all the activity associated with managing demand and providing universal services, including customer contact and all customer enabling, customer service, case management, resolving questions and issues (simple and complex), and scheduling input from others where required. Specialist advisors sit within the UCC providing technical and process supervision as well as complex case management and advice. Specialists also have an input to the development of strategy and policy, as well as supporting partnership relationships and working. Depending on how the customer enabling team is defined they may also have a key role in preventative and enabling work.
- **Strategy & Commissioning.** The strategy and commissioning element of the FOM is the activity and resource required to translate political will and ambition, and ensure that the Councils remains unique, accountable and capable public authorities. Decisions are still to be made by SMT concerning this element of work. However, we do know that the following activities are included:
 - Senior management
 - The strategic cycle incorporating community engagement, strategy development, service design and commissioning, strategic performance and contract management (working with service specialists)
 - Corporate project management through a programme management office (if required)
 - Democratic support (including the management of elections)
 - Corporate governance (including S151, monitoring officer, audit, strategic finance etc.)

The activity analysis and process mapping have created initial headline numbers for each area of the FOM. At this stage the numbers are indicative but will need to be refined further in the organisational design and again in detailed design.

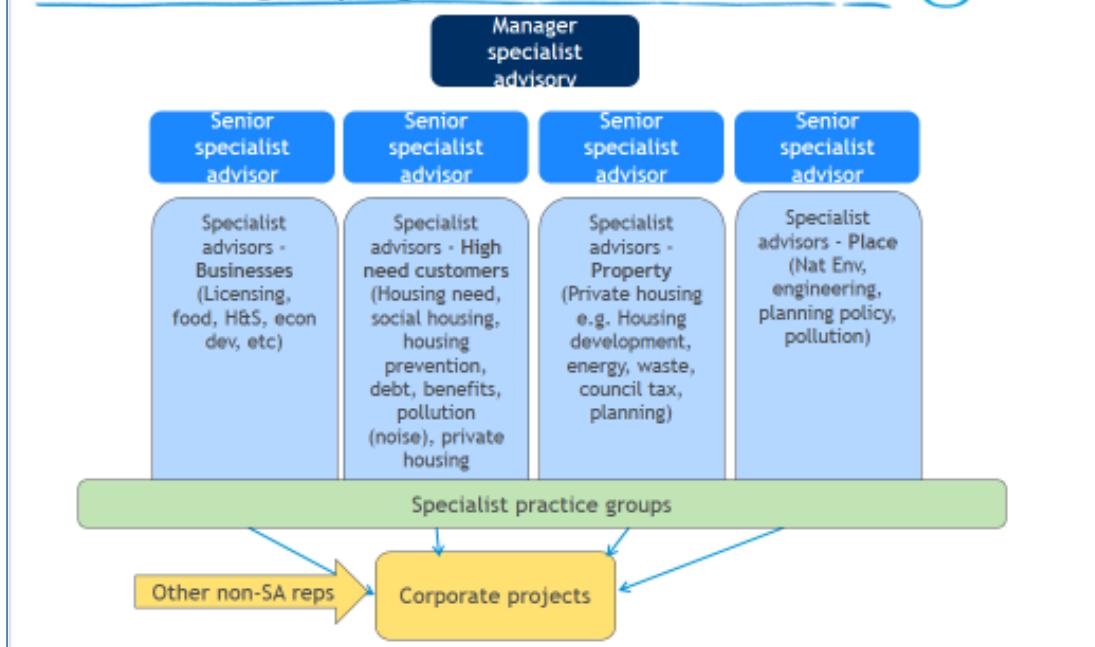
FOM Area	Sub Area	FTEs	Comments
Strategy & Commissioning		19.6	including senior management
Democratic Support		6.8	including election support & member services
Governance		7.2	Including some elements of finance, audit and legal
UCC	Community Enabling	8	
	Customer Service	30.3	
	Mobile Locality Officers	15.8	
	Case Management Workers	51.7	
	Specialists	57.6	including Service S&C
Service Delivery		15.8	including Asset Management
Support Services	Corporate Support	46.6	
	Facilities & Assets	5.3	
Management		16.6	
	TOTAL	281.3	

From the FOM a recommended organisational design is set out with specific implications for each area of the FOM. The key element of the design is splitting the Strategy & Commissioning (S&C) elements and the Service Delivery elements of the FOM. The split effectively to ‘above the line’ for S&C and ‘below the line’ for Service Delivery allows for the development of the model in the future to provide an intelligent client/Alternative Service Delivery Model or models (ASDEM(s)). As the model develops Service Delivery is likely to be provided by a mixture of in-house and external partners.

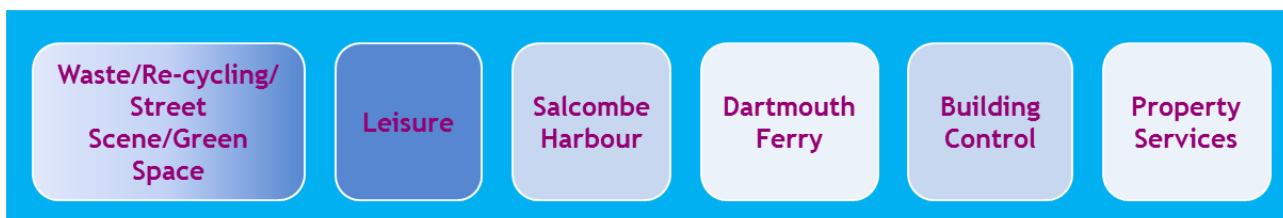
Recommendations have been made in terms of how the UCC elements are structured and assumptions have been made to support the design.

It is recommended that the specialist grouping within the UCC is based on customer type as this makes best use of the resources across a diverse geographical area, whilst breaking away from the traditional service groupings:

Team organised around customer groupings



Technical supervision and support are maintained through 'communities of practice'. A number of delivery units are established to create autonomous suppliers of services to the Councils, including Property Services. This creates an opportunity to consolidate delivery elements of all the property, asset, estates and facilities into a single business unit delivering services to the corporate client. Each of these will be able to build self-sufficiency and revenue opportunities:



Strategy & Commissioning incorporates Corporate Planning (managing the future), Performance Management (managing current service performance) and Business Developments. Corporate Support Services are set up in a similar model to that of the UCC embedding ways of working and behaviours in to the organisation. HR, IT, Finance & Audit, Post Services and Print & Design sit within this function. Elements of Facilities Management will also sit within this area. There is further opportunity for this element to be part of the future delivery unit model above.

Developing the Blueprint also has implications for the implementation plan. The key element of this is the need for a preliminary phase to implement future model non IT dependent changes particularly in corporate support services. These areas were mapped into the benefits realisation based on being able to release some remodelling, and some service processing benefits in this early phase – Phase 1a. It is expected that in HR and IT these will be limited in order to retain additional support through the programme. It is also expected that there will be some benefits realised in

Phase 1a by remodelling some Strategy & Commissioning elements of the FOM which will be realised out of detailed design.

Implementation

There are a number of key considerations from the FOM and organisational design development that have been considered in building the plan and structure for implementation. The proposal is to take a phased approach to implementation for the following key reasons:

- The organisational capacity for change is limited
- One big bang approach creates a significant risk for the organisation at cutover
- One big bang approach will result in an unacceptable deferral of benefits
- It will be difficult to maintain momentum and focus in the organisation during an extended period of large scale IT development

The critical path of the implementation will inevitably be determined by the technology stream and most change and benefits are dependent on IT for the future model currently being procured (FMIT). However, this is not universally true and in particular, much of the change in Support Services is not dependent on the implementation of the IT that is in the technology specification and procurement being launched in mid-January. Additionally in order to ensure that these services are supported in the right way to implement the FOM, the internal services need to be working – and behaving in the same way.

Therefore it is suggested that the following phases are created:

- **Phase 1a** – Quick wins and non IT dependent change
- **Phase 1b** – High priority FMIT dependent changes, establishing the Future Model “footprint”
- **Phase 2** – Lower priority FMIT dependent changes completing the Future Model across the organisation

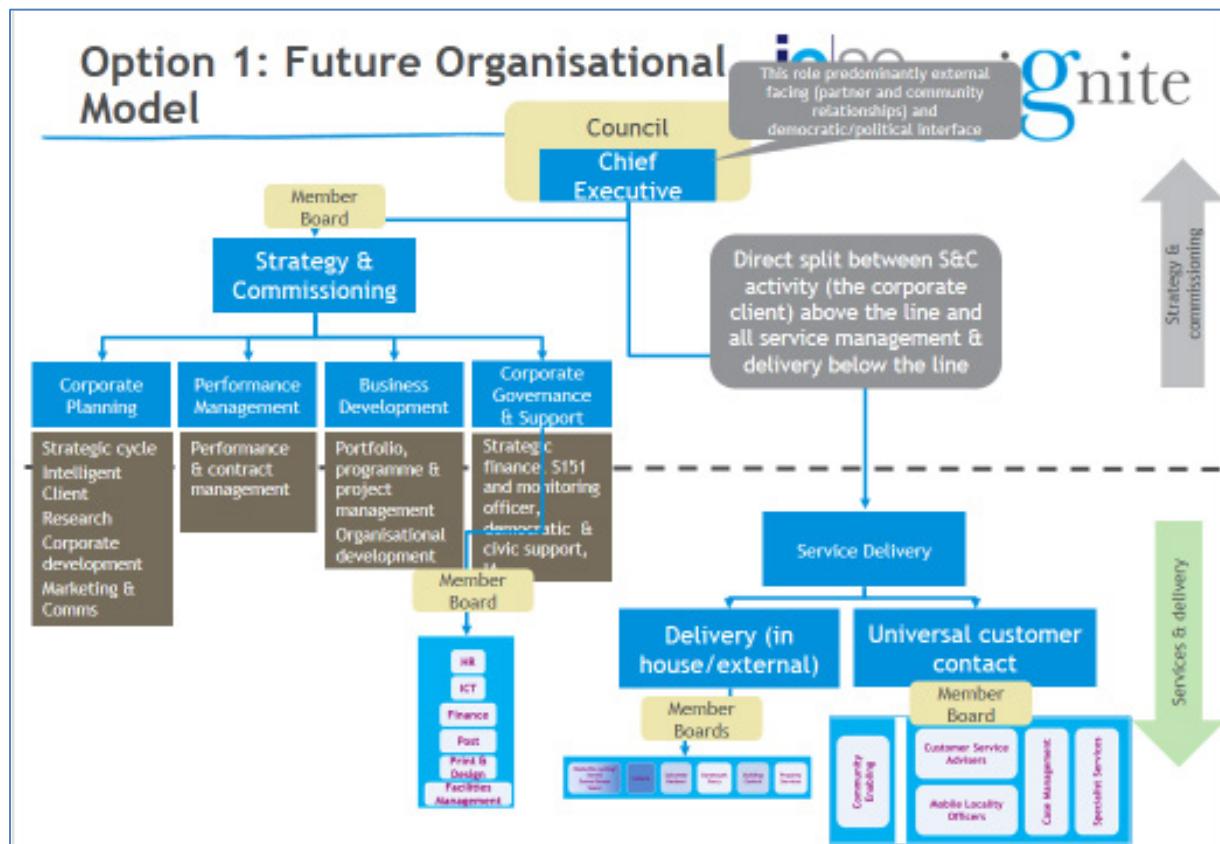
Other considerations are:

- Process & Design. Detailed design needs to focus on synergies from across the councils, in particular:
 - The activity analysis and process mapping undertaken during Blueprinting by each service now needs to be refined to ensure the processes are mapped to the FOM rather than ‘as-is’
 - Using the detailed process mapping to agree responsibilities and accountabilities
 - How the quick wins can be realised from remodelling activity that isn’t dependant on technology
 - Ensuring a common data set
- People & Change.
 - Refining the organisational designs within the FOM alongside the role specifications to establish person specifications/management levels etc.
 - Identifying and agree the behaviours required to drive the ways of working required
 - Developing the performance management approach to support the embedding of these behaviours

- Building on the engagement developed in Blueprinting to the wider staff population, creating communication and consultation approaches, as well as obtaining union engagement and agreement
- Creating the management of change framework to support the implementation
- Customer.
 - Creating a compelling message for communities and customers to understand and respond to the changes
 - Starting to build resilience and reduce demand
- Accommodation.
 - Mapping the organisational design to local requirements and building capability to support flexible and agile working
 - Creating the right working environment to support the FOM ways of working.

Management Structure

Although there are a number of possible options, two options were developed during Blueprinting. These will undoubtedly be amended and refined following further discussions:



Option 1 consolidates ‘above the line’ activity within S&C into a single entity. Service delivery ‘below the line’ provides the potential for one or more ASDEM’s. The Chief Executive remains separate in this model as a more traditional view of the senior management structure, particularly based on the requirement for an external relationship role. The S&C function has a wide remit covering forward looking corporate planning,

performance management and internal customer support. Anything ‘below the line’ could be delivered ‘in-house’ or by a third party. If the latter, elements ‘below the line’ may be servicing other customers in which case the relationship management within Service Delivery becomes a significant role, particularly if there is a mix across the delivery units. These considerations will have implications for how the senior management roles across S&C, HoPS and Service Delivery are aligned. It should be noted that whether or not a role sits ‘above’ or ‘below the line’ does not signify scale or seniority. They provide a number of further options depending essentially on how services are delivered. Some considerations will be:

- Requirements of the external relationship management role
- Scope of the S&C – this combines both an external and internal view of the customer, how compatible are these in one senior management role
- Scale of Service Delivery role depends on scope of future ASDEM – external market considerations will affect this, when does this role become relationship management rather than actual service management

Governance is illustrated through joint member boards across each delivery unit, the UCC and Corporate Governance & Support.

Option 2 provides for the development of an alternative senior management structure, aligning the Commissioning element with Service Delivery, i.e. Intelligent Client, Business Development and Performance Management. This leaves a Strategy and Corporate Support function managing the ‘future planning’, special projects and corporate support. In this option the HoPS could sit either side depending on how services develop. All elements ‘below the line’ remain the same.

