

**COUNCIL**  
**12 NOVEMBER 2015****COUNCIL'S OPERATING MODEL**

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**Recommendation**

1. **The Leader of the Council recommends that the Council:**
  - a) **notes and acknowledges the progress that has been made in embedding the Council's Operating Model principles as a result of the last report to Council in May 2014;**
  - b) **approves the proposed restructure of the existing Business, Environment and Community (BEC) Directorate to a new Economy and Infrastructure Directorate, as set out in paragraphs 19-28 and Appendix 1 (including changes to the roles of affected Chief Officer-related posts) with effect from 1 January 2016, to better provide capacity and capability to deliver the economic prosperity ambitions described in the Strategic Economic Plan (SEP);**
  - c) **approves the proposed restructure of the existing Children's Services (ChS) Directorate to a new Families and Communities Directorate, as set out in paragraphs 29-32, with effect from 1 January 2016 reflecting the required change of emphasis to support children as part of their family and community and not in isolation;**
  - d) **authorises the Chief Executive to finalise the detail of the management structure including amending the specifications for affected Chief Officer-related posts in accordance with above decisions; and**
  - e) **notes the progress made in further evolving the Council's Operating Model to ensure a Council that is FutureFit, particularly in the areas of Demand Management and Talent Management.**

**Background Information**

2. In May 2014, the Council approved the Operating Model for Worcestershire County Council, setting an aspiration to become an excellent commissioning-based authority by ensuring a continued emphasis remains on understanding current and future needs of service users.
3. The following components were defined in May 2014 as constituting the Council's Operating Model in this context:
  - Customer Base and Needs
  - Outcomes
  - Structures

- People and Skills
- Processes and Systems and
- Decision-making and Accountability.

4. Whilst the recommendations approved in May 2014 have now been implemented, further evolution of the Council's Operating Model, or the way the Council works, is required to ensure the Council remains 'FutureFit' and continues to address the financial pressures facing the organisation.

5. Worcestershire County Council continues to address the key challenge for the organisation, namely maintaining and improving outcomes for Worcestershire residents whilst recognising the financial constraints placed upon the Council, alongside ensuring the workforce is equipped for future demands.

6. This report seeks to set out some of the progress that has been made since the decisions taken by Council in May 2014 and to set out a number of recommendations to further build on and evolve the existing Operating Model principles for the Council.

### **Key Principles and Drivers**

7. Changes for Worcestershire County Council and the way it needs to operate will place new demands on the organisation and its people. It will require the Council to develop new capabilities, skills and ways of working quickly to succeed in achieving its ambitions for Worcestershire; against a challenging backdrop of both financial pressure and increasing levels of demand and expectations from customers.

8. How we will operate our business in 2020 becomes clearer and more defined as we progress. By 2020, we will have a significantly smaller and more flexible workforce of senior Commissioners and highly skilled professional specialists, who will draw on appropriate expertise and take responsibility for delivering outcomes for Worcestershire.

9. There are a number of organisational 'design principles' that have been agreed by Cabinet which further build on the 2014 Operating Model principles, and have shaped these Operating Model recommendations. For example, structural changes should be at least cost neutral, they should look to increase matrix-style working across the organisation, retain and develop existing talent and should re-align senior management to high cost/high reputation areas of risk.

10. Finally, there are a number of key drivers which are necessitated a further evolution of the Council's Operating Model. These are as follows:

- Ensuring appropriate capacity and capability to deliver Worcestershire's economic prosperity and productivity ambitions via the Strategic Economic Plan (SEP)
- A need to improve outcomes and demand management across health and social care for vulnerable adults and children
- Planned reduction in directly-employed staff from 2016/17
- Designing a Council that is fit for the future

- Centralisation of commissioning support services as evolution of COaCH Directorate.

## **Improving Outcomes and Managing Demand**

11. Worcestershire County Council recognises that demand for its services is increasing over time and anticipates that changing demographics and legislation will mean this trend is likely to continue. At the same time, resources available to local government have been reducing, and it is expected will continue to do so in coming years. Worcestershire County Council is, therefore, required to do more with less.

12. Council services have historically responded to demand by making reactive changes to the way services are provided. The Council has recognised that proactively managing the demand for its services will be increasingly important in the future and has made Demand Management one of its future transformation themes.

13. Practically, this will mean developing a better understanding and forecasting of demand including what causes demand and where it comes from. It will also mean being more focused on prevention by stopping something from happening, or delaying or reducing the intervention needed.

14. There are three core strands to better demand management:

- building better intelligence
- adopting a corporate approach to prevention and
- partnership working to realise 'whole system' change.

15. A recent analysis on the Council's approach to prevention concluded that the commissioning of prevention services is fragmented and improvements can be made to the focus on outcomes and more robust targeting of services. This analysis also concluded that pro-actively managing demand and 'thinking prevention' is not yet part of the organisation's mind-set and recommended we should pro-actively build the organisational ownership, capacity, capability and culture for demand management and put it at the centre of strategic financial planning.

16. Implementing this recommendation clearly drives the further evolution of the Council's Operating Model. It is therefore intended to develop clear accountability at a senior level for a consistent corporate approach and joined-up outcomes. This responsibility will be built into the existing role of the Strategic Commissioner: Early Help & Partnerships. In addition to this, similar to the work on Commissioning, the Council needs to develop a common and meaningful understanding of demand management and prevention that can be owned within Worcestershire County Council and partners and wider stakeholder groups including service users, businesses and residents.

17. Developing this common understanding is fundamental if we are to drive a disciplined culture within the organisation to ensure:

- all decisions and accountable activities are made and delivered with the intention to reduce or mitigate future or further increased demand on services;

- ensure all systems and processes are designed with the intention to reduce or mitigate future or further increased demand on services; and
- to ensure all services commissioned have the flexibility to change to changing demands and outcomes.

18. Work on developing this understanding has started including consultation with local residents. In addition to this workshops are being organised, in autumn 2015, with senior officers, frontline staff, local members and partner organisations.

### **Delivering Worcestershire's economic prosperity and productivity ambitions**

19. This recommendation for Council approval is focused on ensuring there is adequate capacity and capability to deliver the ambitious Strategic Economic Plan (SEP) agenda.

20. The SEP published in March 2014 sets out a clear vision for Worcestershire *'to be an internationally recognised, highly competitive and innovative business location by stimulating investment, improving productivity and supporting the creation of sustainable economic growth and employment in Worcestershire. By 2025 to have added 25,000 jobs and increased GVA by £2.9 billion.'*

21. Whilst significant employment growth is forecast within the SEP, a particular focus of the Plan is on securing growth in GVA per worker and average annual earnings.

22. Worcestershire's 'Local Growth Deal' announced by the Government in July 2014, awarded £47m of Local Growth Fund (LGF) monies to Worcestershire Local Enterprise Partnership (WLEP) to commence delivery on a number of key infrastructure projects, for example Southern Link Road, Worcester Six infrastructure enabling works, HooBrook Link Road and Worcestershire Parkway amongst others. This Local Growth Deal was further increased to a total of £54m, following award of an additional £7m LGF to WLEP in January 2015.

23. For the nine projects that WLEP were allocated LGF monies in July 2014, Worcestershire County Council is the lead delivery organisation for eight of them, due to the nature of them being large strategic infrastructure projects. Work is already well underway and the schemes are progressing well with a number well into delivery. However, with further Growth Deal funding rounds expected in the future, there is a need to demonstrate a successful track record of delivery with the Government to ensure Worcestershire is well placed to respond to future competitive funding bids.

24. The proposal for Council to consider is to reconfigure the existing Business, Environment and Community (BEC) Directorate structure so that the resource is squarely focused on delivery of the Business and Environment (BE) elements of the Directorate.

25. This will result in the creation of a proposed Economy and Infrastructure Directorate which will comprise discrete areas of responsibility for 'Strategy', 'Operations' and 'Projects'. This will better equip the Directorate to focus on delivery of Worcestershire's economic prosperity and productivity ambitions as outlined in the SEP.

26. The primary change would be the realignment of the existing Head of Community and Environment portfolio, with environment-focused services being retained in the Economy and Infrastructure Directorate (within Infrastructure), and the communities-focused services transferring to the proposed Families and Communities Directorate (see paragraph 29), retaining the existing post-holder, Neil Anderson, but with the revised title of Head of Community Services.

27. This approach streamlines decision-making and safeguards against adding onerous additional responsibilities onto existing Heads of Service portfolios, only doing so where it adds value.

28. A proposed Directorate configuration diagram illustrating the current BEC structure and the newly proposed Economy and Infrastructure Directorate is included as Appendix 1 of this report. The Council is asked to approve the proposed change of Directorate structure and alterations to Heads of Service responsibilities as set out in the diagram.

### **Improving outcomes for vulnerable children**

29. Building on the lessons of Troubled Families and the findings of recent work on demand management (outlined in paragraphs 11-18), it is intended to shift the focus of the existing Children's Services Directorate to 'Families and Communities'. This better aligns with Cabinet Member responsibilities and reflects the need to support children as part of their family and community, and not in isolation.

30. It is proposed that this shift, subject to Council approval, will be reflected in the appointment of a permanent Director of Families and Communities.

31. This approach dovetails with the recommendation set out above to restructure the current BEC Directorate and the proposal to transfer the community services portfolio to the proposed Families and Communities Directorate will offer a number of opportunities and synergies with the existing Children's Services offer and strategic intentions e.g. libraries and adult learning services being utilised to support early intervention activities.

32. Subject to Council approval of these proposals, the recruitment process for the new Director will be tailored accordingly. However, it is important to note that the new role would retain the statutory role of Director of Children's Services (DCS) and upon appointment in early 2016, it is anticipated that there will be a review of the interim structure arrangements to ensure they are optimal.

### **Talent Management**

33. Recognising the organisation's willingness to retain and develop talent as a key organisational design principle, there is a work programme being developed by the Human Resources and Organisational Development (HR/OD) team to further strengthen and support the Council's workforce for the future; the Talent Management scheme as part of the Council's 'Investing in the Future' initiative.

34. 'Investing in the Future' is the Council's learning and personal development framework which has been designed to support the workforce in addressing the

priorities set out in the corporate plan, whilst being aligned with the Operating Model principles of the organisation, and consistent with 'Our People' values i.e. Customer Focus; Freedom within Boundaries; and 'Can do' Culture.

35. 'Investing in the Future' comprises a number of programmes and initiatives ranging from training support in specific fields for example resilience and coaching programmes to support the large scale change underway, through to corporate/business skills support, leadership and management development, a library of online modules and resources, and now, talent management.

36. Our Talent Management scheme will allow us to proactively and systematically identify, grow and develop the talent we have in our organisation to enable us to be FutureFit, creating a World Class Worcestershire.

37. Talent is defined in Worcestershire County Council as those employees who will be future leaders; or who have the ability to fill critical roles to ensure we can achieve our vision and strategic priorities for Worcestershire.

38. Effective Talent Management ensures that we are identifying the potential of our employees and best performers. When we have identified these employees we can assess their potential. We can use talent mapping processes to identify those who we believe have potential to develop and stretch. By doing this systematically we ensure that we have a pool of diverse high potential future leaders and key professional/specialist employees whom we can develop further to make the best of their abilities, experience and drive to achieve our vision.

39. The success of our organisation depends upon attracting, developing and retaining talent within the organisation and identifying and securing support from specialists, outside of the organisation as required. To be effective commissioners, we must invest in commercially focussed individuals with a strong business acumen, which will ensure the best outcomes from our contracts.

40. A robust programme will be in place to ensure we recruit, retain and develop talent and will include succession planning and development opportunities. Mobile and flexible working will be maximised, and matrix working will be common place.

41. Additional potential benefits forecast include a reduction in turnover costs, reduced costs with posts filled by apprentices and graduates, reduced reliance on costly external recruitment for senior positions and an improved pipeline of future talent at all levels of the organisation.

42. The Talent Management framework is already developed and will launch late 2015 with further activities including development of apprenticeship schemes, work placement schemes and identification and development of talent pools to be phased in from early 2016 for a 2-year period initially, with regular reviews to ensure progress is satisfactory and benefits are being realised.

### **Proposed Next Steps and Timeline**

43. A significant amount of progress has been made since the decisions taken by Council in May 2014 on the future direction of travel for the Council's Operating Model. Appendices to this report illustrate the evolution between the Operating

Model agreed in May 2014 (Appendix 2), to the proposed Operating Model from November 2015 (Appendix 3).

44. The key differences to note are the innovative delivery model mechanisms which have been developed and deployed to ensure service delivery and outcomes are, at least, maintained for the residents of Worcestershire, despite the resources available to local government reducing.

45. For example, externalising our IT infrastructure to HP Enterprise Services has resulted in Worcestershire County Council securing a better deal. Investment in essential IT for the future has gone up whilst money has been saved. This new technology supports our drive to be innovative across digital platforms and to make the most of the new opportunities to engage directly with residents.

46. The Architects' Design Unit has been given the opportunity for the service to increase its client base and off-set known reductions in the capital programme through commissioning to the international property consultancy organisation, Jacobs. The staff who have transferred are now benefiting from improved long-term employment prospects.

47. Place Partnership Ltd (PPL) became a reality on 1 September 2015. PPL is formed by Hereford and Worcester Fire and Rescue Service, Warwickshire Police, West Mercia Police, Redditch Borough Council, Worcester City Council and Worcestershire County Council.

48. Operating across four counties, PPL is driving transformational change in the way property is utilised, resulting in the realisation of a number of significant benefits and efficiencies by adopting the principles of the One Public Estate. For the Council these benefits are:

- Capital receipts approaching £33 million
- Revenue savings exceeding £2.5 million
- Sale of 99 freehold properties
- Disposal of 33 leases
- Avoided maintenance expenditure of nearly £5 million
- Reduced office buildings from 17 to 4
- Released 60,000 m<sup>2</sup> of accommodation for sale or alternative use
- A 22% reduction in energy consumption per m<sup>2</sup> of accommodation and 24% reduction in carbon emissions.

49. PPL will deliver savings of over £6 million over 10 years. This does not include savings from the rationalisation of the Partners estates, service integration and economic development.

50. The Council's Internal Audit Service became a shared service with Warwickshire County Council in May 2015. Warwickshire County Council acts as the host of this innovative partnership with staff from Worcestershire transferred to Warwickshire under a TUPE agreement.

51. This new way of working will deliver greater economies of scale and add value to the service. A larger scale operation will allow the service to expand and offer their

services to other local authorities. It will also enable opportunities for staff development and allow employees to share learning and best practice.

52. Subject to Council approval of the recommendations included within this report, the proposed timeline for implementation into the proposed new Directorate structures is to take effect from 1 January 2016. This will provide sufficient time to enable the relevant arrangements to be undertaken, specifically around amending Directorate schemes of delegation, and budget management responsibilities associated with transferring budgets between the Directorates, primarily associated with the proposed Community services portfolio transfer.

## **Contact Points**

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## **Background Papers**

In the opinion of the proper officer (in this case the Chief Executive) the following are the background papers relating to the subject matter of this report:

- May 2014 Council Report - FutureFit: Future Operating Model