

Item:

## UPDATE ON PROGRESS OF THE OUR CAMBRIDGE TRANSFORMATION PROGRAMME



**To:**

Councillor Mike Davey Executive Councillor for Finance, Resources and Transformation  
Strategy & Resources Scrutiny Committee, 11<sup>th</sup> July 2022

**Report by:**

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**Wards affected:**

All Wards

### Not a Key Decision

#### 1. Executive Summary

1.1 This paper provides an update on the following areas:

- The progress made on preparing the council for transformation since the inception of the Our Cambridge Programme (OCP) in October 2021
- The programme's scheduled activity during the next 3 months that will establish the strategic design of future council services
- The current investment made in by the council in the OCP and an explanation of any variance against pre-programme forecast

1.2 The paper describes the evolution of the council's approach to execution of whole system transformation. This was reviewed during December 2021 and led to a more systemic and inclusive approach that reduced the risks that the programme would not achieve its intended benefits.

1.3 The revisions to the programme and the progress made during the subsequent five-month period are described in the initial sections of this

report. It describes how the changes have generated new opportunities for the council to take a 'big picture', strategic view of the opportunities available, leveraging the potential of partnerships and communities to work in a more joined up way with the council and to reduce the risk of not taking others on the change journey with them.

- 1.4 The later sections of this report set out the programme's schedule for the period between this committee meeting and the S&R Committee Meeting in October 2022. This period will establish a future overarching design for how the council will operate in the future. The design will show how the council will deliver essential cost reductions while also how it intends to work alongside others to reduce duplication and create smoother more joined up services that meet the needs of residents both now and as they change in the future.
- 1.4 The final section of the report provides an appraisal of current spend against that the schedule anticipated in the MTFs appendix approved by members in October 2021. This part of the report also describes some of the challenges in moving the programme forward at the pace required by the council and its members. While these challenges are significant and real, the programme believes that a high-level future design is possible in time for the October S&R committee meeting.

## **2. Recommendations**

- 2.1 The Executive Council is recommended to:
  - Note the approach and progress of the Our Cambridge Transformation Programme outlined in this report; and
  - Note the proposals for the development of the organisation design for presentation to S&R in October 2022.

### **3. Background and Inception**

- 3.1 The City Council approved the commission of the Our Cambridge Programme within its Medium-Term Financial Strategy (MTFS) in October 2021 (Annex E). It described that the 'Our Cambridge' programme would be designed to enable our communities, the council, and our partners to work together to build a sustainable future for Cambridge, where 'One Cambridge – Fair for All' underpins all our work; that the programme would extend to every aspect of our work as a council and the outcomes we deliver, with and for the communities we serve.
- 3.2 The MTFS forecast the costs of transformation to be a total of £4.275 million across revenue and capital budgets, and a contingency. Scenarios were provided for the potential financial benefits that could be achieved, including a mid-point estimate of £4.7 million revenue improvement from 25/26.
- 3.3 Following council approval of the proposed transformation, the existing transformation team and its external partner PPL focused on securing delivery resources, developing early plans for functional change and engaging staff in the emerging process. This included the recruitment of a transformation team drawing upon the internal talent available, augmented by external, experienced transformation specialists recruited to the council on a fixed term basis.
- 3.4 Part of this process included the appointment of a New Transformation Director in December 2021 who worked with the small existing team to recruit and scale up delivery capacity. The Transformation Director also undertook a current state review of the programme structure and approach. This led to proposals for some adjustments to the programme that were discussed and approved by the leadership and transformation boards, and responsible Executive Councillor, during January and February 2022. These are described in sections 3 and 4.
- 3.5 At the beginning on January, a commitment was made to maintain the delivery of existing programme of digital works to ensure certain in-flight projects which were foundational to our next stage of work (Tascomi, Alloy and Orchard) were not missed. These projects, as well as the work around Office Accommodation and some new digital projects, are part

of the Transforming Delivery workstream as they are key to optimising our current services.

- 3.5 By mid-February there was sufficient progress on mobilising the delivery team to ‘stand down’ the councils transformation partner, PPL, and take on direct management of the programme.

#### 4. Transformation Governance and Approach

- 4.1. The current state review of the programme in December 2021 identified opportunities for it to be realigned to better reflect the ambitions the Council set out within the MTFS.
- 4.2 The review established the scope and scale of transformation activities using the model shown in figure 1 that reflected the transformation narrative approved by the council in October 2021.

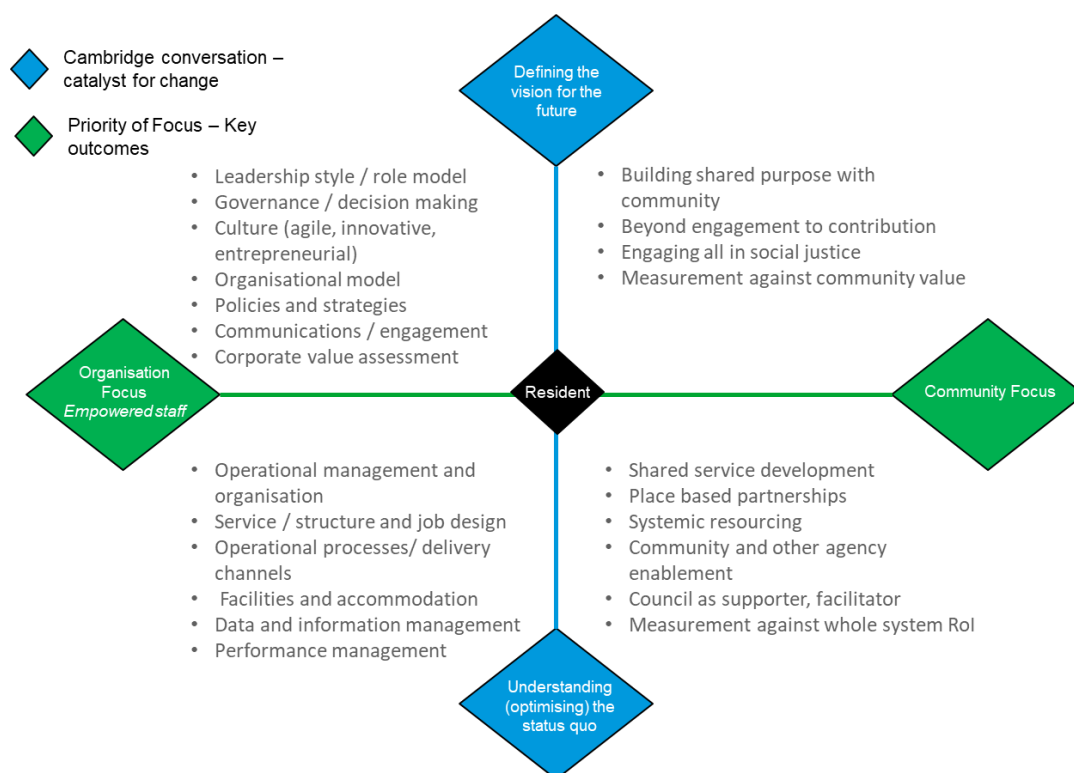


Figure 1: Transformation requirements aligned to council transformation themes (Dec 2021 review)

- 4.3 The review found that, while there has been some early work in reviewing and adopting new operational changes, particularly in-flight digital activities, there had been less focus on redefining the relationship between the council and its residents or achieving the social benefits

articulated in the initial commission. In addition, greater priority needed to be given to overarching organisational change, as much of the focus had been on project-based changes to services.

- 4.4 The programme governance that had been established at inception was relatively complex and risked work streams duplicating activities. Definition of projects often focused on what they would do, rather than what outcomes they would achieve. In addition, there was some ambiguity about what constituted 'business as usual' change and those changes within the transformation programme which needed to be clearer.
- 4.5 A new governance approach was developed and approved by the Transformation Board in February 2022. This included the establishment of an organisational change board that created the capacity to transforming services across the whole council rather than seek to change its separate functions independently of each other.
- 4.6 New governance arrangements also clarified the role of the Corporate Programme Office (CPO). The review established some simple principles that ensured appropriate level of governance was applied to all council projects based upon the level of risk; that transformation projects were appropriately aligned and managed within the transformation.
- 4.7 In order to best inform both our programme, as well as the future organisational model and design (further detail in Section 6), we have also been undertaking work to understand innovations and reforms in other councils. This includes Oxford City Council, which has very similar challenges, which kicked off in June 2022, to share lessons and insight about what works and problem solve across the two councils.
- 4.8 We intend to continue this exchange, both directly between equivalent counterparts and as a group. We also are currently in dialogue with councils such as Stevenage and Wigan, who are forerunners in co-operative council delivery, and intend to develop further relationships with comparable councils, such as Norwich. In addition, the council has an ongoing dialogue with South Cambridgeshire District Council about transformation at different levels across both organisations.

4.9 Further information on Transformation Approach and Governance can be found in APPENDIX 2.

## 5. Engaging the council and community in the change

5.1 The December 2021 review of the programme identified that there needed to be more focus on engaging the wider council and community in the process of transformation. This was highlighted as a significant risk, not to the delivery of the programme of transformational activity, but the extent to which the programme would ultimately result in real change being realised to costs or service measures of success. Transformational research has shown that over 70% of change failure is the result of change stakeholders failing to support the change at transition.

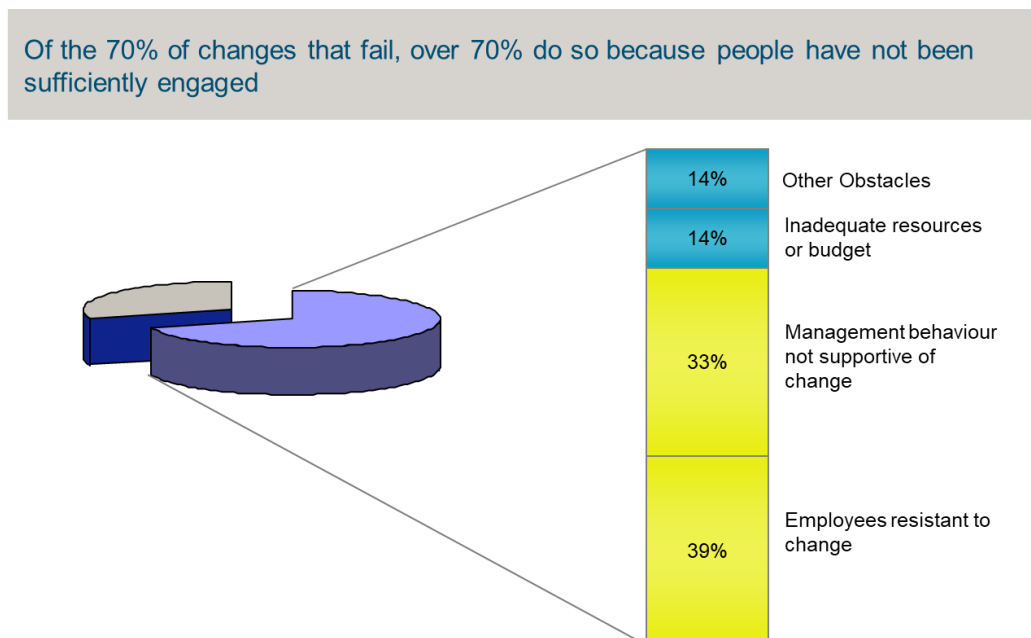


Figure 2: Diagram showing the primary causes for change failure (ref OD Change Consulting Ltd)

5.2 In response to this assessment, the programme has sought to reset its relationships with those groups who will ultimately determine the successful adoption of new ways of delivering services. At the heart of this activity has been a series of initiatives to develop a culture where change is not seen as being 'done to' the business to one where there is a growing demand that the changes are done 'with', 'through' and 'by' those officers and service partners who share a common vision of a city that provides better services to residents.

- 5.3 The realignment of the transformation programme has involved inviting individuals and teams to reconnect with their own contribution to the lives of the residents of Cambridge. This has been achieved through:
- Conversations about why people work and why they work in certain ways and in certain places. How that supports residents or their own wellbeing (i.e. their core purpose); and
  - Creating the space where both teams and individuals are empowered to take action to make the work better without the expectation that they need to seek permission from others to make simple, but significant local changes (individual and team empowerment)
- 5.4 The programme has delivered this through 'Making It Real', an initiative that has also helped identify some early changes and create the space and platform for the broader organisation design planned for the summer. The programme has been delivered by staff across all teams (titled, 'change leaders' and change makers')
- 5.5 There are currently 20 change leaders supported by a further 52 change makers from all areas of the council all of whom are running 'Make It Real' events with their local teams. The programme is providing on-going change leadership development, support and advice for this group who will continue to play a major part in the process of transforming the council over the coming months
- 5.6 The programme's operational governance changes have also created a closer alignment between the council's service teams and the process of change (see section 4 for details of changes to governance). This has been achieved by assigning leadership of the programmes work stream boards to service directors as well as ensuring that all service heads have a seat on a work stream board. The intention is to make change part of the current experience of operational leaders, as opposed to something the programme come and talk to them about, when required. As such the approach forms part of the cultural and leadership behavioural agenda required for transformation to be adopted and sustained.
- 5.7 The evolution of leaders' contribution to transformation is continuing with greater involvement of senior managers in transformation activities through SMT and leadership awaydays. More recently it has been

extended to the appointment of a smaller cadre of senior council officers to lead the council's future service design (see section 6 for more details). The programme has, in collaboration with HR, developed an emerging set of leadership values that will support transformation.

- 5.8 In recognition of the importance of active and direct involvement from our stakeholders, the programme has increased its provision for engagement activities beyond the usual communications / tell channels. While this is still developing, the programme has extended and updated its intranet site. The team have also launched a series of 'lunch and learn' sessions open to all staff to discuss more about how they can develop their change capabilities. These include dedicated sessions offered to all new entrants to create the opportunity to participate in future change activities.
- 5.9 During the summer there are plans in place to increase direct dialogue with all staff through a series of town hall events. The Transformation Director has also met with a number of teams during their regular team meetings to have more local, informal dialogue about what change means 'on the ground'.
- 5.10 The Director of Transformation and the Head of HR have established and maintained a close relationship with unions ensuring that they are sighted on current work and providing them with early insight about the upcoming activities. The approach seeks to develop and maintain an open dialogue that offers the opportunity for the programme to hear from staff side how changes are being received by staff. Staff representatives have been involved in the design of the Making It Real events (see 5.2) and it is intended that they will continue to have early sight of future plans on any on any significant change prior to any announcement from the council.
- 5.11 While at this stage, the programme's engagement has been directed towards council employees, the programme has run an initial partnership event with a number of public, private and community partners. Work has been undertaken within the partnership and community work stream to establish the inter-relationships between existing community engagement programmes that will contribute towards our ability to leverage greater value at a systemic level.
- 5.12 To ensure that our change journey reflects the interests of the whole community, the programme has commissioned work on creating a

shared vision for the city that reflects the lives of its residents, the role of the council, its members and other partners in responding to those needs. This will become a unifying narrative that is relevant to all those who have a stake in the future wellbeing and prosperity of Cambridge and its residents.

5.13 Additional projects are also taking place or planned which support our ambition of meaningfully engaging and involving our communities as part of outcome delivery.

- We have procured CitizenLab which will support a new approach to public consultation, engagement and policy development that will broaden access;
- Heating and Health is a project with the ICS to develop more face to face interaction with vulnerable residents and those that are most affected by cost of living;
- Community wealth building and how this may best serve our residents;
- Proposals with CPCA to develop a City Lifebelt portrait which will involve different communities and residents in the Autumn.

5.14 The full list of projects can be found in Appendix 2.

5.15 Finally, the transformation programme is working alongside the Leader, Executive and Chief Executive to consider how to take forward proposals to change corporate governance arrangements. This work draws upon and supports work commissioned on the budget setting process, Centre for Governance and Scrutiny and Independent Remuneration Panel. These changes can play an important role in supporting transformation, by creating the conditions and enabling behaviours that improve and modernise the way in which council decisions are formulated and approved, and provide greater clarity about the respective roles and responsibilities of members and officers.

## **6. Designing a new council**

- 6.1 As described in section 4.3, the refocus of the programme has enabled the council to establish how it can optimise its value to the city and its residents, rather than solely considering how it can reduce its operating costs. This has created the opportunity to undertake an objective review of the council's current design and investigate how the needs of the residents may be best met using the potential of the wider system.
- 6.2 In late March, the programme commissioned work towards a new organisation design and associated change process that will transition the council to a financially sustainable, resident centric organisation that can draw upon the capacity and capabilities across the city. The four phases are shown below.

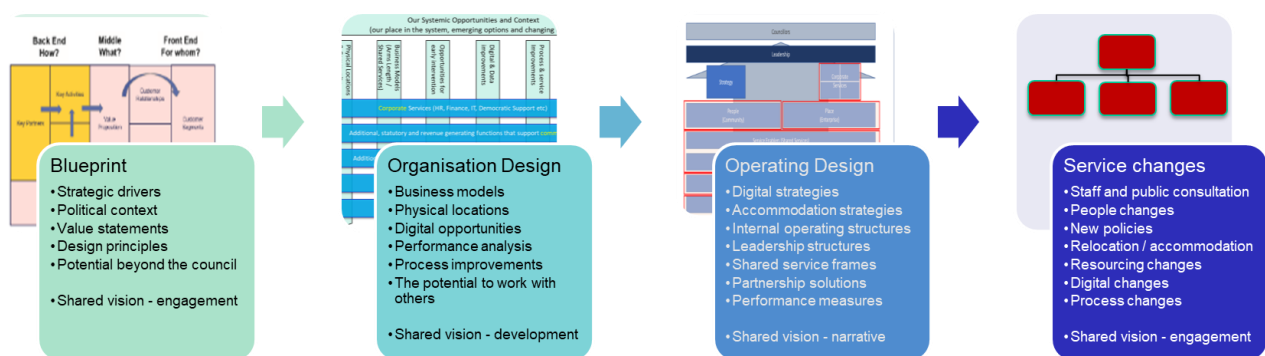


Figure 3: End to end organisational design and change process (March 2022)

- 6.3 Early work on the blueprint has focused on the type of council that Cambridge seeks to become. The work has included an exploration of a number of local authority design options adopted by similar councils and the benefits and constraints of each. It has included a series of meetings with members and senior officers to establish the political and cultural perspectives within Cambridge City Council and the unique circumstances within the city.
- 6.4 The work examined current services models and approaches and explored the potential for other agencies and conditions within the city and its hinterland to support or influence future design choices. From these conversations, the programme has established design principles for the future council. They may be subject to future iterations.

#### Design Principles for a future Council

1. **Achieve good outcomes for residents and the environment**
2. **Enable partners, communities and the council to achieve outcomes together**
3. **Use evidence and feedback to adapt and continuously improve**
4. **Make our customer and resident experience simpler, quicker and better**
5. **Offer sound value for money through efficient use of resources**
6. **Make best use of data and digital**
7. **Invest in our people capabilities and empower them to take the initiative**

Figure 4 – Design Principles – also in Appendix 2

- 6.5 From the beginning of June the design has entered the second phase of work that will draw upon this initial blueprint to establish the options for future service delivery for the council. This phase will investigate in more detail the ways in which services might be delivered to meet the needs of residents. It will test the current opportunities to work with others as well as investigate the value in investing in the community to reduce costs or optimise service provision in the future.
- 6.6 The organisation design work has been broken down into functional areas will be led by senior officers from the council. They will be supported by a dedicated team of transformation resource that can help research and analyse options and their potential value. A model for Phase 2 can be seen in Figure 6 below:

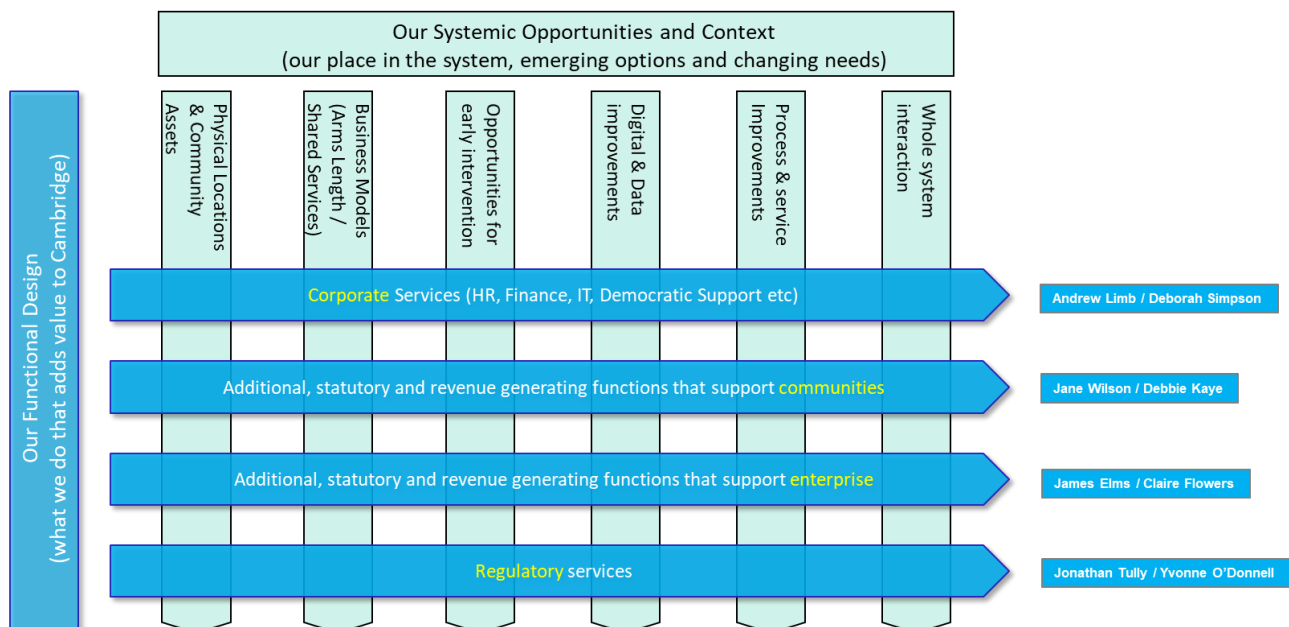


Figure 5: Organisational design structure showing senior officer leads (June 2022)

- 6.7 The programme intends that, by October, the council will be able to provide members with:

- An design for the future council
- A narrative that describes the stages in the journey towards the new design including any assumptions and identified risk
- Indicative benefits of each stage in the transformation, both in terms of operational savings and resident experience / wellbeing
- A plan for transition and the costs

6.8 The October advice will provide an informed estimate of the timing and benefits flowing from the implementation of most of the future design. The reason why we are expecting to only be able to produce high-level view of timings and benefits of the future design at this stage is based upon:

- The volume of the detailed analysis needed to produce a granular plan for change; and
- The need for specific changes that require the support or engagement of third parties or to embark upon public or legislative consultation to secure approval to some aspects of the change.

6.9 While this will be an estimate and require further work, there will be some aspects of the new design that might be adopted quickly and / or where the timing cost and execution of change can be relatively easily forecast. It is intended that these elements of the change are progressed during the final quarter of 2022 so that they have been defined in sufficient detail to form part of the 2023/24 budget proposal.

6.10 The programme intends to establish a formal programme of transformational delivery from January/February 2023 that will build upon and extend initial early commissioned changes. This will be managed through an incremental transformation plan that will evolve and be executed over the subsequent 3-24 months. As each element of the plan is further developed, approval from members will be sought and adjustments made to current and future year's capital and revenue forecasts as a result.

6.11 From a programme workstream viewpoint, much of the work will be delivered through the Transforming Delivery workstream. As such, while Transforming Delivery is currently focusing on the digital projects and

Office Accommodation, the remit will expand as the programme moves further into the delivery phase.

- 6.12 The programme is committed to tracking both savings benefits and measuring benefits to residents and the city, an activity that is provided for within current programme budgets.

## **7. Financials**

### **7.1 Programme Budget and Spend**

7.1.1 The Our Cambridge programme, over its entire lifespan, has a £4.275 million budget. This is broken down into a £3.1 million revenue budget, a £375k capital budget and a £800k contingency fund allocated for transition costs. These were approved as part of the Oct 2021 and the 2022 BSR process.

7.1.2 The original proposal for how the £3.1m revenue budget was to allocate 100% of the funding towards staffing costs, allocated by workstream with the only project-spend envisaged to come from the £375k capital budget.

7.1.3 Had the programme not reviewed and further developed its approach, the programme would have spent £1.203m at this stage – 28% of the total spend of the programme.

7.1.4 Instead of doing this, following the transition of the transformation governance and approach, the budget profile was redefined as per the following principles:

- Our Cambridge delivery team will extend to June 2024 (therefore into financial year 24/25) within the existing budget envelope.
- Use a smaller delivery team, which focuses on supporting teams to own and deliver change, as opposed to having change done onto them.
- Bring in short-term specialised support where there is a capability or capacity gap in the delivery team or Council as a whole.
- Maintain a contingency for projects and issues that emerge from conversations with communities and partners.

7.1.5 See Figure 6 for a breakdown of budget allocation in total and across the financial years. No capital spend has currently been allocated to projects. Following the approval of specific projects, the current £197k revenue and £375k capital underspends will be allocated to the execution of specific change projects.

	Full Programme	Q3 and Q4 2021 – 2022	Full Year 2022 – 2023	Full Year 2023 – 2024	Q1 2024 – 2025
Revenue Budget	£3.1m	£375k	£1.5m	£900k	£325k
Allocated spend	£2.903m	£375k	£1.384m	£835k	£308k
Capital Budget	£375k	-	£135k	£190k	£50k
Allocated spend	-	-	-	-	-

Figure 6: Revised Programme Budget, Broken Down by Financial Year (June 2022)

7.1.6 The programme has spent £575k since October 2021, representing a total of 13.4% of the total budget. A significant proportion of this spend was in support of the programme during its early initiation, prior to mobilisation, with £175k being used to support the programme development while the internal team was being mobilised. There has been no capital spend.

Category	Actual Spend, as of 31 May 2022	Q3 and Q4 2021 – 2022	April and May 2022
<b>Budget</b>	<b>£605k</b>	<b>£375k</b>	<b>£230k</b>
Staffing	£360k	£174k	£186k
Consultancies	£207k	£183k	£24k
Comms and Engagement	-	-	-
Supporting equipment, tools and administration	£7k	£0.5k	£6.5k
Organisation development and upskilling	£1.5k	-	£1.5k
Specific project spend	-	-	-
<b>Total Spend</b>	<b>£575k</b>	<b>£357.5k</b>	<b>£218k</b>
<b>Variance against Budget</b>	<b>£29.5k underspend</b>	<b>£17.5k underspend</b>	<b>12k underspend</b>

Figure 7: Actual Spend (as of 31 May 2022)

7.1.7 As the team has mobilised, spend per month on staffing has increased – an increase from approx. £71k in January to £93k in April. It is anticipated that the cost of the transformation to remain broadly at this level until after the organisational design phase.

## 7.2 Revenue Improvement – through savings and income generation

7.2.1 Figure 8 shows the anticipated revenue improvements forecast within the October 2021 MTFS.

### Potential financial benefits: revenue improvement

Based on a joint review of current income and spend, the range of potential recurrent benefits realisable by 2024/2025 identified to-date are summarised below:

Potential recurrent income growth and revenue savings by workstream	Lower estimate	Mid-point estimate	Higher estimate
Customer	(£1.7m)	(£3.6m)	(£4.9m)
Partnerships	(£0.0m)	(£0.0m)	(£0.0m)
Community	(£0.0m)	(£0.0m)	(£0.0m)
Entrepreneurial	(£0.5m)	(£1.1m)	(£1.7m)
Organisational Change	(£0.0m)	(£0.0m)	(£0.0m)
Total	(£2.2m)	(£4.7m)	(£5.6m)

Figure 8: Original Revenue Improvement Estimates (Oct 2021)

7.2.2 In April, the Transformation Board agreed two key success criteria for the programme:

- Revenue improvement from Oct 2021 baseline of £5 million per year
- The organisation redesign must be delivered in such a way that ensures that further restructures or salami-slicing is not required in the short-term after the conclusion of Our Cambridge.
- The new design must be outcomes focused, financially sustainable, capable of quickly adapting to the changing needs of the city and its residents, and ongoing financial pressures and uncertainty expected due to reductions in government funding.

7.2.3 An initial view of the changes that will combine to deliver this target will be available following the Phase 2 organisation design process described in section 6.

7.2.5 Full Business Cases will be developed for all significant operational changes on a project-by-project basis. The full business cases will trigger

the development of a formal benefit definition, tracking and realisation plan that will form the basis of transformation monitoring from the beginning of 2023.

## **8. Planned next steps**

- 8.1 As noted in the previous sections, the development of a future organisation design over the summer is an essential next step in our transformation. A critical enabler of this work is the programme's ability to bring together members, officers, partners, communities, and residents together to support this work within the frame of an emerging shared vision for Cambridge (see section 5.11).
- 8.2 The period between the time when this report is commissioned and the programme's next report to Strategy and Resources Committee in October is not without its challenges or risks.
- 8.5 Notwithstanding the time constraints of delivering a full, albeit high level, organisational design to the October Strategy and Resources Committee, the programme recognises members expectations that the programme makes rapid progress towards financial savings. Within the frame of the risks outlined in the appendix referenced above, the programme believes that it wholly feasible to provide an update that gives specific proposal for changes with some numbers attached within the timescales set out in this document.

## **9. Background papers**

Background papers used in the preparation of this report: General Fund MTFS Oct 21.

## **10. Appendices**

Appendix 1 – GF MTFS 21

Appendix 2 – Further Information on Our Cambridge

## **11. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact TORI CAMPBELL, PMO Manager, email: [tori.campbell@cambridge.gov.uk](mailto:tori.campbell@cambridge.gov.uk).

