

Update on the Direction of the Future Council and Organisational Design



To:

Councillor Mike Davey Executive Councillor for Finance, Resources and Transformation

Report by:

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Wards affected:

All Wards

Key Decision

1.0 Executive Summary

1.1 This paper provides:

- An update on the progress made on the development of a future organisation design for the council
- Proposals for agreement on the new organisational design and work required to ensure delivery
- An indicative savings and investment profile for the next phase, recognising dependencies and collaboration with Medium-Term Financial Strategy (MTFS) and accommodation papers
- An outline timeline and sequencing of changes required over the next two years

1.2 The paper sets out the direction of travel for the future organisation design, building upon previous advice agreed over the last year. The changes are described in three parts:

- Service Delivery
- Leadership and Decision Making
- People, Accommodation and Digital

1.3 Once the direction of travel is agreed, further work will be undertaken to complete the organisation design and to develop business cases and more detailed delivery plans.

1.4 At this early stage in our redesign, approximately £2.5m of net savings can be achieved through efficiency and productivity by Q1 2025-26. These will be achieved through restructuring operations and improving our use of digital solutions that will enable us to reduce the costs of some of our processes. Achieving these saving will require some investment and it should be noted our work in this area is still in progress. The forecast

efficiency and productivity savings may increase as additional opportunities are identified and estimated numbers are confirmed.

- 1.5 Additional savings options have been identified from the reduction in the council's office accommodation resulting from a more flexible use of office space. It is likely that there will be opportunities to generate income from underused space. A more complete assessment of office accommodation can be found in the Future Office Accommodation Report, also submitted to the 10 October, Strategy and Resources (S&R) Committee.
- 1.6 Based on the medium-term financial outlook for the council, growing population in Cambridge, and significant inflationary pressures, it should be noted that even with the identified savings and income opportunities, it is very unlikely that the council will be able to achieve a balanced budget in the medium term without reducing some of its activities. Many other local authorities are currently in this financial position. Delays in achieving a balanced budget would need to be compensated through managed use of reserves.
- 1.7 A full glossary of terms used in this report is included in Appendix A.

2.0 Recommendations

The Executive Councillor is recommended to:

- Note the progress made, and the proposals for changes to operations, future council infrastructure and identified areas for saving and reinvestment
- Confirm support for the direction of travel
- Agree that officers move forward with the development of changes that will achieve the savings required by Q1 April 2025
- Note the programme timetable (section 8)

3.0 Introduction, Background and Progress to Date

3.1 Our current organisational design has remained largely unchanged for over a decade. However, the demands and challenges faced by the council and the opportunities available through transforming the way the council operates are significant. As part of the Our Cambridge transformation programme, the council now needs to update its organisational design, so that it can more effectively meet the needs of residents and the city now and in future.

3.2 As a reminder, Our Cambridge comprises of three workstreams: Transforming Delivery (focuses on making tangible changes to our organisation), Partnerships and Communities (working to create better relationships with partners and the communities we serve), and Organisational Change (reshaping the council and its ways of working). The Organisational Design forms one project within the Organisational Change workstream.

3.3 During the 3-month period between June and August, senior officers led activities across all areas of the council's services to identify opportunities for operational efficiencies and new ways of working to improve the outcomes for residents and the city. This work included:

- A series of workshops and engagements with stakeholders to identify and test opportunities for redesign.
- A review of best practices and the direction being adopted by other councils with similar characteristics (Oxford, Norwich, Stevenage etc). We also analysed our delivery against sector benchmarks.
- The development of a more complete analysis of performance and costs, both of council services and their impact upon the city and its residents.

3.4 As a result, three key areas were identified:

- Service Delivery, focusing on how we can reorganise service delivery structures and processes
- Leadership and Decision Making, including a review of existing structures, governance arrangements and the management information available for decision making
- People, Accommodation and Digital, assessing the costs and potential return from these essential resources and how the future design can optimise their value

3.5 The review over the summer has identified the following benefits will be achieved from the changes identified so far:

- Services joined up to deliver better customer experience

- Better informed decisions will enable the council to target its activities more effectively and efficiently, and achieve better outcomes
- More agile council with the ability to change and respond to circumstances more quickly
- Increased opportunities to maximise potential of shared services or system-wide solutions with our partners
- Improved forward plan for careers and resourcing key skills required by the council
- Future proofed digital capabilities

3.6 We have based our organisation design on the principles set out in the council's transformation report to the S&R Committee in July. These, as well as the broader model for transformation, can be found in Appendix A.

3.7 If the overall direction of travel as set out in this paper is agreed, the organisation design will be further developed to establish the detail of how the council will change, so that it can improve its contribution to residents and deliver its savings target by 1 April 2025. At time of writing, the savings target for the Our Cambridge programme is £5 million revenue improvement from the General Fund and Housing Revenue Account. This represents a proportion, but not the entirety, of the wider savings target of Cambridge City Council, as set out in the MTFS. As the financial picture for the Council develops, we may need to revisit this target and the programme's role in achieving a balanced budget.

3.8 A full glossary of terms is included in Appendix A.

4.0 Organisational Design – Service Delivery

4.1 The current design of the organisation means resident experiences are often being spread across roles and teams, with issues or opportunities falling between the gaps, resulting in the council offering services that are not as good as they might be. The council's Making it Real activities in April and May started to refocus employees on finding ways of doing better within the existing structures. The initiative was the first step in the council's broader review of our services that includes its current work on organisation design.

4.2 The design proposals recommend that the council merges or regroups activities to bring together similar skills or similar work. It also seeks to cluster work around similar outcomes. These changes will improve collaboration, enable efficiencies, and help the council optimise its contribution to the city and its residents (see Figure 1). Creating a more joined-up approach will deliver benefits, including:

- Removing duplication of effort (combining functions with similar outcomes to enable collaboration, improve efficiencies and shared purpose)
- Maximising efficiencies (streamlining processes, harnessing digital and data improvements (see section 6.3))
- Creating the conditions for the successful development and implementation of new service models and / or further income opportunities (when our services and partners are ready to take this step)
- Financial savings (see section 7)



Figure 1: Proposed changes to our Organisation Design¹

4.3 We anticipate the most direct impact to resident experience will come from changes outlined in this section. Examples of the benefits to residents:

- A centralised function (that encompasses street cleaning, grounds maintenance, facilities management, estate repairs and management) would see better coverage across the city and logical internal ownership, resulting in more rapid delivery when something breaks.

¹ Please note – this is not a management structure, but a reflection of an organisation design that enables collaboration, efficiencies, and delivery improvements

- Dedicated and cohesive support services for residents with more complex needs and vulnerabilities could mean those residents receive one single point of contact to help move them through the various elements of the council and wider systems of support.
- A more integrated and responsive corporate centre to support the organisation in adapting to changing circumstances would mean as emergencies arise (such as Homes for Ukraine), we can respond quicker with a team who can help and manage impacts on other council activities.

4.4 In summary, bringing key functions together and orienting them around a shared purpose will not only help us achieve our savings targets, but will ultimately provide a better resident-centred delivery, reduced inefficiencies, improved customer experience and an ability to deliver better outcomes for the whole city.

4.5 **Service Delivery – key features**

- Reshaping our services to reduce duplication and fragmentation of services, bringing together activities around the needs of citizens or the city
- Bringing together services that are essentially operational in nature (for example, ground maintenance, street cleaning, estate repairs), creating a hub that can deliver this type of service more quickly and at less cost
- Consolidating our disparate corporate functions to maximise efficiencies and ensure that we are focusing on those activities that will enable us to respond to issues more quickly and continually develop our value to residents and the community (for example, digital, improved leadership structure (see Section 5.0)).

5.0 **Organisational Design - Leadership and Decision Making**

5.1 For the council to transform the way it delivers services, it needs to have the right leadership equipped with the right information, governance, and structures. Equally importantly, it requires leaders who can work with others to continually adapt the council's ways of working, to respond to the changing needs of residents and take advantage of emerging opportunities as our relationships with partners and communities mature.

5.2 The organisation design redefines and repositions the role of leadership. In particular, the significant contribution leaders will play in creating an entrepreneurial public service culture, promoting and developing collaborative solutions and the need to act with pace and purpose.

5.3 The organisation design proposals recommend that work is undertaken to develop more effective management information, that provides a more complete and reliable

assessment of both the performance of the council in the city, and the performance of services within the council. It is recommended that further investment is made in this area, including a review and likely restructure of financial structures, so that they more directly reflect the new design.

5.4 This report recognises the existing dialogue with members in relation to governance arrangements. These conversations will form part of our future design work and be included in this area of the council's transformation.

5.5 The opportunities and benefits available to us in this area include:

- Greater collaborative leadership, supporting increased resilience across the organisation as a whole
- A clearer definition of leadership (i.e. mobilising action towards a shared purpose) and its distinction from management (i.e. the organisation and management of tasks and people) that supports and informs flatter, more efficient and cost effective service design
- Improved decision making and speed between decision and execution, with more effective and simplified budget management and business planning
- Financial savings (section 7)

5.6 **Leadership and Decision-Making Key Features:**

- The recommendations around leadership and governance set out within the Centre for Governance & Scrutiny Report (CfGS) will be taken forward as part of the organisation design work within this design theme.
- The current officer leadership structure will be reviewed and, where required, the council's leadership capability will be restructured to focus on priority council outcomes and reduce the cost of leadership and decision making.
- Further research will be undertaken into the options available to the council to access and interpret high quality and relevant information, against which decisions can be made, including the investment in bringing together relevant data from multiple sources / agencies.
- There will be a review of the current frame of cost centres and accounting lines to ensure that leaders are equipped with a process that enables them to adjust forecast spending and investment more flexibly, to support specific council outcomes.
- Options will be considered for the development of a single set of management information tools and performance indicators that align to member priorities and shared purpose.

6.0 Organisational Design – People, Accommodation and Digital

6.1 People: Outline and benefits

6.1.1 The council faces the complex demands of a growing city with new needs, a requirement to reduce the cost of services and current high levels of inflation. Faced with these conditions the organisation design needs to consider the way people are engaged in the delivery of its services, both as employees and partners. Some areas that require further definition within the emerging organisation design include:

- Active marketing of Cambridge City Council as a great place to work, including learning the lessons from our Council partners on whether a 'four day week' can support staff wellbeing and productivity
- Potential to secure people from partners and other councils to reduce the opportunity costs of vacancies and to promote career development
- Redefined role profiles and working structures
- Guaranteed development opportunities / investment in people's potential and career ambitions, using the annual reporting cycle to identify and accelerate talent quickly, helping us further retain and grow our people
- Stronger and more developed career pathways, including secondment opportunities from local partners, businesses, and agencies
- More effective cost management of interim and consultancy resources

6.1.2 Benefits from this work will include:

- Reduced unforced attrition and the costs, the opportunity costs of vacancies and recruitment / agency costs (figure 2, section 7)
- Potential for the council to partner with other agencies to provide career paths across the wider system – talent growth and retention
- Opportunities for specialist resource to be obtained through processes that reduce the cost of agency fees and reduce time taken to engage resources
- More engaged teams with clear talent pipelines and more robust succession planning

6.2 Accommodation: Outline and benefits

6.2.1 The emergence of a widely adopted 'hybrid working' model for many office-based employees has been factored into the council's organisation design. Changes to work styles and the council's strategy of working more collaboratively both across its own services and with its partners will have implications for:

- The choices and broader options the council has in the provision of employee accommodation, details of which will be defined in the Future Office Accommodation Report also being considered by the Strategy and Resources Committee in October
- Investment decisions in council, digital and technological infrastructure
- A broader range of potential work locations that extend beyond the council's own accommodation or home base as part of a 'work anywhere' culture

6.2.2 While a full benefits and opportunities assessment is not included as part of this report, some anticipated benefits from reviewing the number and size of places from where we work and deliver services include:

- The creation of workplaces that reflect progressive and current working styles and practices provides an opportunity to ensure our physical infrastructure reflects the culture and behaviours we want our people to display (e.g. more collaborative, digitally enabled spaces)
- Reduction of our carbon footprint, in line with the council's target to be net zero carbon by 2030
- Designing inclusive spaces for employees
- Ensuring residents have equal and convenient access to our services
- Financial savings (see figure 2, section 7)

6.3 **Digital:** Outline and benefits

6.3.1 The council and communities' reliance on digital technologies will continue to increase. This provides the council with opportunities to improve the flexibility, quality and costs associated with our transactional services, including the capacity to focus face-to-face time where it adds the most value, either because of individual circumstances, or the nature of the issue at hand.

6.3.2 The benefits of an increased digital capability within the Council, include:

- Greater opportunity to collaborate and learn with partners
- Better, more targeted options for residents to engage with the Council in whatever way best fits their lifestyle
- Maximisation of efficiencies in the future organisational design
- Financial savings (see figure 2, section 7)

6.4 **People, Accommodation and Digital Key Features**

- Support the development of a series of new initiatives to improve the way we engage people in the council's business

- Invest in new digital technologies to improve service delivery for residents’ needs (see Finance section 7)
- The creation of appropriate digital leadership to set strategic direction and appropriate governance for the digital elements of both customer facing and staff facing services.

7.0 Finance

7.1 This section outlines the savings proposed within the new design.

7.2 Figure 2 represents a breakdown of where we have identified potential savings. These have been categorised across the three organisation design sections, as well as separated into efficiency savings (where we think we can make savings by delivering services more efficiently) and flex savings (which are variable based on further political decisions).

Potential speed of savings delivery - one * for short term *** for longer term		Low	High	Achievable p.a. (net)
Efficiency savings (doing what we do, better)	Service Delivery			
	City Operations (Ops Hub)**	£0.3m	£1m	£0.7m
	Additional purpose-based groupings	TBC	TBC	TBC
	Maximising income**	£0m	£0.2m	£0.1m
	Shared Services***	£0.1m	£0.2m	£0.1m
	Service efficiencies**	£0.3m	£0.5m	£0.3m
	Leadership and Decision Making			
	Political governance**	£0.0m	£0.3m	£0.1m
	Executive leadership*	£0.2m	£0.4m	£0.3m
	Financial decision making*	£0m	£0.2m	£0.1m
	People, Accommodation and Digital			
	Data/digital***	£0.2m	£0.7m	£0.5m
	Agency/consultancy reduction**	£0.2m	£0.5m	£0.3m
	Total Efficiency Savings	£1.3m	£4m	£2.5m
Flex savings (variable savings/revenue based on political decisions)	People, Accommodation and Digital			
	Accommodation and council used space**†	£0m	£2m	£1m†
	Service Delivery			
	Reducing/stopping services* or ***	£0.2m	£1m	£0.4m (sec 7.4)
	Additional headcount reduction* or ***	£0m	£3m	£2.1m (sec 7.4)
Total 'Flex' savings	£0.2m	£6m	£3.5m	
Total	£1.5m	~£9.7m	£6m (-20% optimism bias) = £5m	

Figure 2 - Breakdown of Potential Savings

† Savings potential for Council Used Space based on conservative estimate of leasing out Mandela and amalgamating into the Guildhall option. Further detail and other options with different levels of savings are available in the Future Office Accommodation Report.

7.3 The efficiency savings identified will contribute to becoming a smaller organisation and some headcount reduction, because merging of functions will lead to some natural reduction in duplication. An achievable estimate of savings through the totality of efficiencies currently stands at £2.5m.

- 7.4 The amount saved as part of accommodation decisions will then determine the degree to which we will need to look at revising the costs of discretionary services and associated staff numbers to meet our targets.
- 7.5 The next step towards determining the impact on our discretionary services and associated staff numbers is to complete an options appraisal for our 'flex' savings. This is one of the key activities which we are looking to complete and bring back to members in Q4 22-23. For more detail on the proposed timeline, please see section 8.
- 7.6 As we become a smaller more capable organisation, our responsibility to our staff is to minimise redundancies and impacts to people. As such, we will maximise the potential of natural attrition, voluntary approaches and hiring freezes which can play a role in avoiding the need for redundancies. However, it is prudent to expect that the council will incur some one-off redundancy costs at some point in this programme.
- 7.7 It should also be noted that income generating opportunities from Council-owned buildings have not been considered as part of this report, as they form the detail in the Future Office Accommodation Report.
- 7.8 Some of these savings may require investment to be achieved. Where we can, one-off costs will be covered by the Our Cambridge Programme. However, we may need to seek further investment. These include:
- Increased investment in people and leadership capability development
 - Further digital and data investment
 - Increasing size of corporate team to build adequate change and digital leadership functions

8.0 Proposed Timeline

- 8.1 Delivery of the proposals outlined in this document sits as part of the wider Our Cambridge programme, which includes key dependencies and other parallel projects such as the Shared Vision project. Figure 3 shows the change agenda specifically relating to the organisation design agenda. For the full list of current projects and their allocation across the workstreams, please see Appendix A.
- 8.2 The timing and priority of the organisational redesign plan has been established to enable:
- Those activities that will create significant financial savings to be delivered as early as possible
 - Projects and changes needed to develop and extend the organisation design are made early, and

- Make the most efficient use of resources available, while recognising we will need to take a flexible and pragmatic approach as the time necessary to realise the benefits of change may vary as we move into the implementation phase.

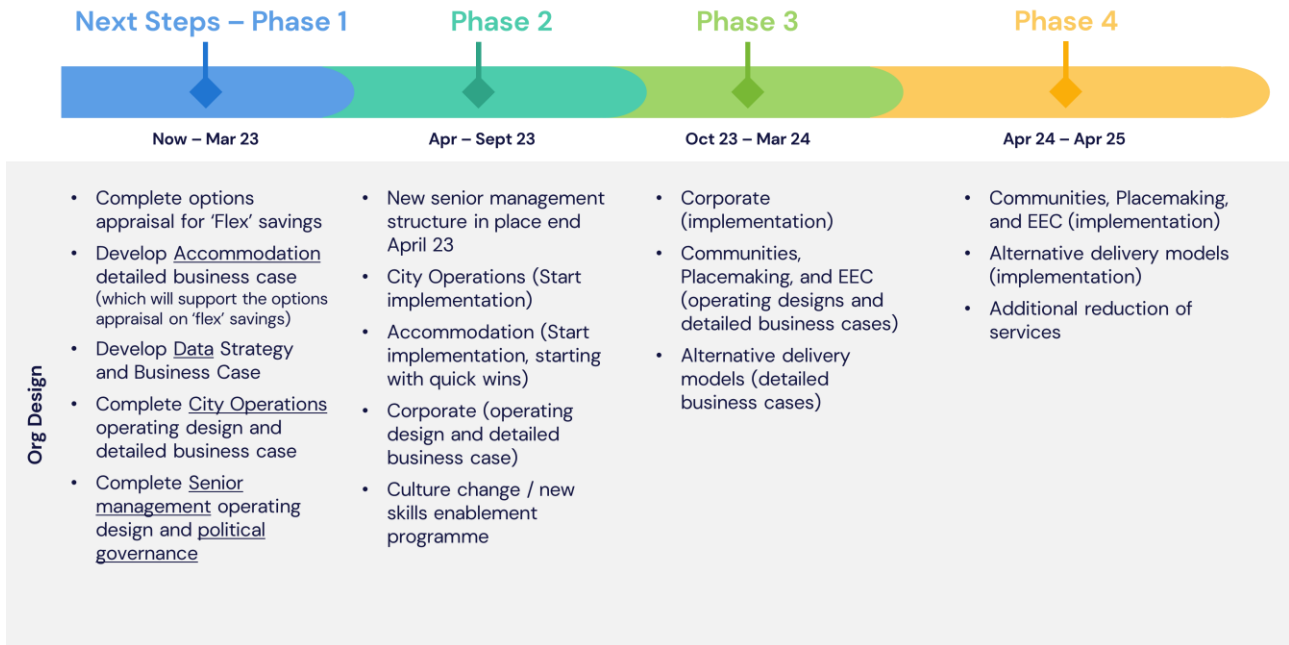


Figure 3 - Proposed Indicative Timeline

8.3 It should be noted that this timeline indicates the sequencing of anticipated changes over the period of the transformation but does not assume or infer member approval to the specific changes. Specific changes to the council's service provision will be subject to the existing governance processes at both member and officer level. Changes will only be commissioned once approval has been given.

9.0 Implications

- | a. Financial | Implications: | Page: | 13 |
|--|----------------------|--------------|-----------|
| <p>The financial implications relating to opportunities for savings and income are set out throughout the report, as well as summarized in Section 7 (Finance). At this stage, all savings and investments outlined are indicative, and require further business case development to ensure there is a robust evidence base for proposed changes.</p> | | | |
| <p>b. Staffing Implications: This report sets out the direction of travel and there are several saving opportunities put forward that could impact on staff, through changes to how our services are organised or reductions in service delivery. Those areas / projects that are progressed will be subject to a full business case and we will follow the Council's Organisational Change policy in consulting staff and Unions on any proposed changes. There are no immediate staff implications directly coming from this paper.</p> | | | |
| <p>c. Equality and Poverty Implications: There is the potential for both positive and negative impacts, depending on which areas for savings and income generation are supported. Those areas / projects that are progressed will be subject to a full business case, including the completion of an Equalities Impact assessment as part of the project documentation.</p> | | | |
| <p>d. Net Zero Carbon, Climate Change and Environmental Implications: There is the potential for positive impacts, depending on which areas for savings and income generation are supported, and further decisions therein. Those areas / projects that are progressed will be subject to a full business case, including the completion of the Climate Change Rating assessment as part of the project documentation.</p> | | | |
| <p>e. Procurement Implications: No general implications at this stage, but these will be fully considered as each proposal / business case is developed.</p> | | | |
| <p>f. Community Safety Implications: No general implications at this stage, but these will be fully considered as each proposal / business case is developed.</p> | | | |

10.0 Consultation and communication considerations

- 10.1 The Our Cambridge programme has a live communication strategy and plan designed to keep all people (residents, staff, members, senior management, partners, etc) informed as the programme progresses.
- 10.2 The approach for communications include:
- Member engagement, including engagement sessions such as the Members Reference Group, Labour Group Pre-Briefings, Opposition briefings, All-Member Updates and written updates included in the Councillor Briefing emails
 - Town Hall briefings available to all staff led by the Chief Executive, Director of Transformation, and relevant Members/members of the transformation team

- Transformation Special edition of Insight, specifically focusing on changes coming from Transformation
 - Additional written updates such as news stories within Insight, CityNet articles, All-staff emails, etc.
- 10.3 In addition to this, staff have been engaged through team meeting briefings on the work of the Our Cambridge Programme and have been participating through the Making it Real initiative.
- 10.4 The communications and engagement approach will be multi-channel to ensure all stakeholders are informed and engaged on the proposals and next steps. Stakeholders include residents, staff, Members, trade unions and partners. The language used will be clear, concise, and accessible, prioritising translating technical language.
- 10.5 Residents will be engaged via a press release shared with local press; information published on Cambridge City Council’s website and signposted via social media platforms. The report will also be published on the external-facing website. To ensure the report is communicated via the wider resident population, we will also share with partners to cascade on our behalf.
- 10.6 Staff engagement will take place through a mix of digital and offline channels to ensure equal opportunity for engagement for colleagues who are office-based and those who are unable to access the internet. All content – such as FAQs, briefings, news stories etc – will be communicated via this online / offline approach.
- 10.7 As we move to the next stage of the programme, there will be decisions on organisational structure, and based on the options appraisal for our ‘flex’ savings, which services will be reduced and / or stopped (which has further consequences for headcount). No decisions relating to this have been made at this stage, but any made will follow the steps outlined in the Proposed Timeline (Figure 3, sec 8.3), as well as the Council’s Organisational Change policy and processes, at the appropriate times.
- 10.8 As part of the budget-setting consultation occurring in approximately Dec 22 to Jan 23, we’ll be able to pull further insights on issues that are being considered as part of the Transformation programme and feed these in.

11.0 Background papers

- 11.1 Background papers used in the preparation of this report:
- General Fund Medium Term Financial Strategy (Version 2, 21 October 2021)
 - Independent Review of the Budget Setting Process and Wider Governance Issues (July 2022)
 - Update on the Our Cambridge Programme Including the Direction of the Future Council as Part of the Wider Cambridge System (July 2022)

12.0 Appendices

- **Appendix A – Background and Further Information on Our Cambridge and the Organisation Design**

13.0 Inspection of papers

- 13.1 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.