

# **DIGITAL OPERATING MODEL – DESIGN PHASE EXECUTIVE SUMMARY REPORT**

**FEBRUARY 2017**

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# THE PURPOSE AND HOW TO USE THIS DOCUMENT

**Purpose:** This document provides an Executive Summary of the Bedford Borough 2020 Digital Operating Model (DOM) Design Phase. It has been produced by PwC working in conjunction with the Council and is intended for a broad audience. It is based on three core documents which will be used by those leading and managing the programme to guide and support the implementation phase.

This three detailed design documents that this overview is based on are as follows:

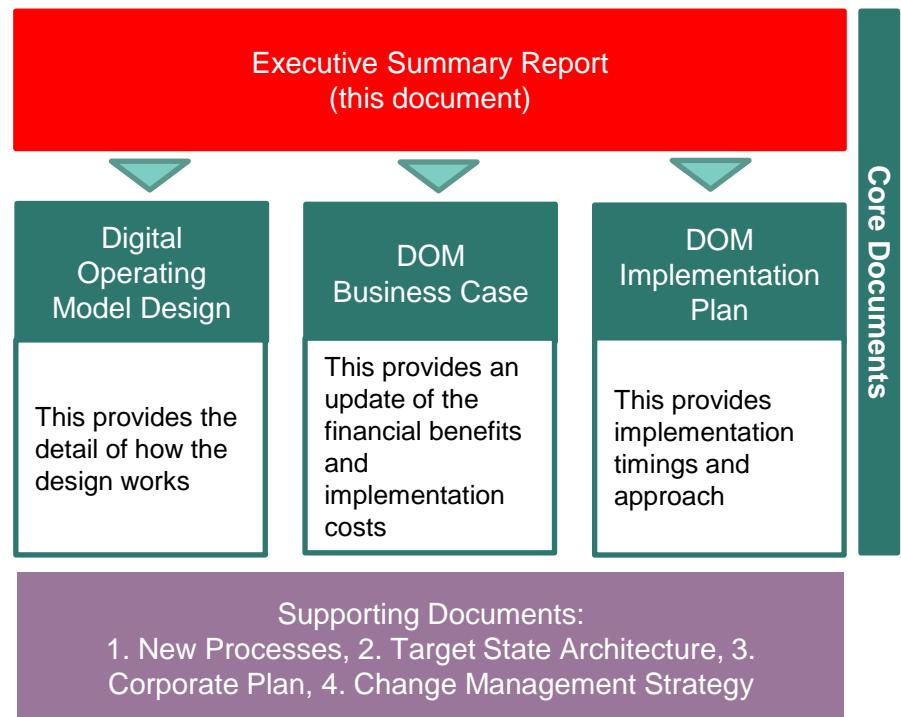
- *DOM Design* – this covers the translation of design principles and the *Blueprint* into a functional design for the future Council.
- *DOM Business Case* – this covers an updated assessment of the costs and benefits of implementing the change.
- *DOM Implementation Plan* – this covers how the design will be implemented and the phasing of activity to effect the change required.

The development of this stage has followed production of extensive working documents and supporting interim reports.

The core documents are available and can be found at:

<http://www.bedford.gov.uk/DOM>

The supporting documents will be available on the same link from Monday 20<sup>th</sup> February.



# DIGITAL OPERATING MODEL – DESIGN PHASE EXECUTIVE SUMMARY REPORT

## 1. OVERVIEW

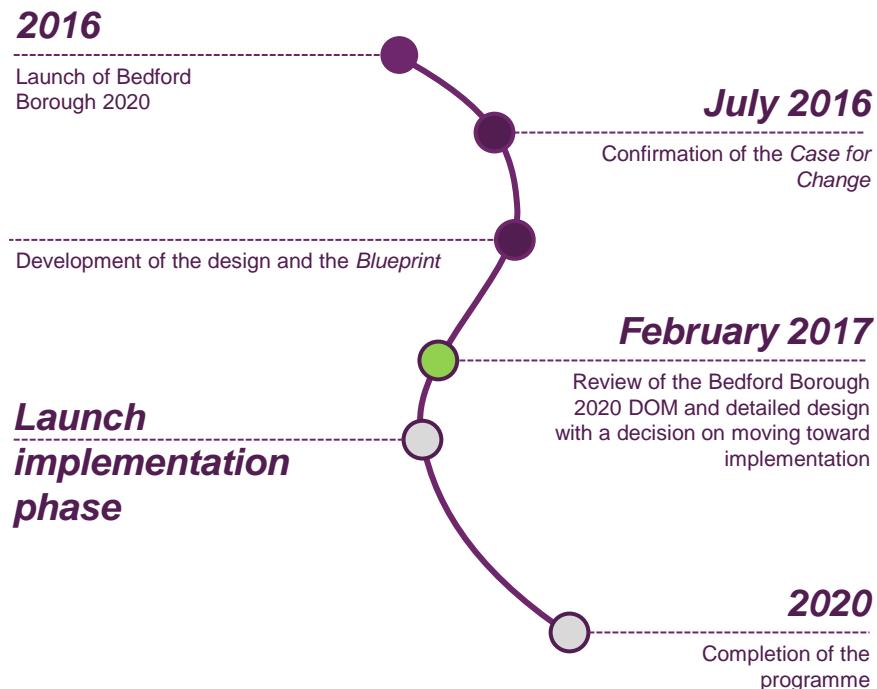
# 1.1 THE PROGRAMME

**Introduction:** This document provides an overview of the Bedford Borough 2020 DOM Design Phase, providing a consistent view of the future direction and what is needed to deliver the proposed Operating Model. It provides readers with the summary framework of the detailed design and understanding of the development approach used by the Council and PwC to co-produce the design. The Case for Change can be found at: <http://www.bedford.gov.uk/case4change>

The purpose of the document is:

- To explain the context of the challenges facing the Council and rationale for embarking on the journey to redesign the Council;
- To summarise the updated strategic ambition for Bedford Borough 2020, documented in a refreshed Corporate Plan and priorities to guide what the Council is trying to achieve;
- To detail the Digital Operating Model for 2020 and beyond which now defines the *Blueprint*, which has been informed by how the agreed design principles impact the service offer, structure, people, processes and technology. This describes how the Council will operate by the end of the programme;
- To outline the implementation path planned showing “how” change activities will be organised to deliver the DOM. This will be driven by senior management in their areas once new responsibilities are allocated; and
- Finally to summarise the business case based on the detailed design phase.

The Bedford Borough 2020 DOM agreed in the *Case for Change* aimed to deliver net efficiencies of £10m+ through simplification and standardisation of processes, consolidation of effort and redesigned accountabilities, all enabled by digital technology and automation.



## 1.2 THE AMBITION

**Achieving the ambition:** The Council's *Blueprint* has been developed to establish a design for the future Council operating model which supports required savings of £10m+ by 2020 while still delivering on agreed outcomes.

### What the Council wants to achieve

Since agreement of the *Case for Change* by the Executive in July 2016 considerable engagement and effort has focused on the design of the future Council. There have also been material changes in the operating context.

In light of these changes the Council refreshed the Corporate Plan for the current period and prioritised activity which will mean that by 2020:

- Bedford Borough is seen as the place to grow
- Businesses are coming and expanding, providing full employment
- Schools and colleges are realising potential and enhancing skills
- People are coming and staying, choosing to live, work and enjoy life here
- Our diverse communities have strong social interactions
- The most vulnerable people are supported as we ourselves would want to be treated
- The high quality local environment and ease of getting around is highly valued
- People contribute and engage in building the positive changes that they want to see for their community

### How the Council wants to evolve to achieve it

In parallel to the Corporate Plan, work continued through extensive engagement to shape how the Council should change. This began by assessing the current Council and developing a high level *Blueprint*. This document provides further detail on the design and the transition required to deliver it.

The Digital Operating Model Design Phase includes the following documentation:

- Detailed design of future services e.g. 80 re-engineered processes, service opportunities, service delivery models, technology requirements etc.
- Detailed financial benefits of adopting the new *Blueprint*
- Technology and high level organisation designs. These have been developed in conjunction with the *Blueprint* but are covered in more detail in the Target State Architecture for Technology and working documentation for Organisation Design
- Approach and plan to implement the *Blueprint*

## 1.3 CASE FOR CHANGE DESIGN PRINCIPLES

The following principles were developed with the Council's Management Team, and approved by Members as part of the *Case for Change*, to guide the design of each layer. These principles are a consistent set of statements used to drive business change. They are a tool to shape and govern the future of the Council and ensure that the designs we create are strongly linked to strategic objectives. They act as a point of reference throughout the design work and should be used during implementation to guide the development of the digital solutions.

Principle domain	Principle
Customer Contact & Assessment	<ul style="list-style-type: none"><li>• We will consolidate assessment activity where we are collecting the same information and/or duplicating assessments</li><li>• We will promote self-assessments and automation at every opportunity</li><li>• We will grow our capability to deliver programmes in partnership with our communities and our partners, operating as one Council and cutting across Organisation boundaries</li></ul>
Bedford BC Services	<ul style="list-style-type: none"><li>• Minimise the time and resources on services where there may be others who could do it better or for less than us, or where they no longer need to be done by anyone</li></ul>
Support & Enabling Services	<ul style="list-style-type: none"><li>• There will be a mixed economy of in-house and external provision of support services with external provision where others could do it better or for less</li><li>• We will continue to trade our services where there is a need or financial gain</li><li>• Support service activity will be consolidated, bringing together common processes/ activities from across the business</li><li>• The services offered by support functions will be reviewed and re-focussed to prioritise areas the Council values</li><li>• We will drive automation and self-service in back office processes at every opportunity</li><li>• We will adopt standard, simplified processes that are consistently applied across services, with clear process ownership</li><li>• Support services will be able to flex and scale up/down at minimal additional cost, to support our growth ambitions</li><li>• Support services will use consistent standards and service level agreements (SLAs) when contracting with service users to manage expectations and focus activity</li></ul>
Strategic Core	<ul style="list-style-type: none"><li>• The strategic core will operate as a corporate service</li><li>• We will have one clearly defined vision, strategy and set of values which guides everything we do for the borough and is promoted and understood by all of us</li><li>• The Corporate Plan will be determined at the corporate level and services will set business strategies within this</li><li>• Business intelligence and management information will be produced from the strategic core</li><li>• The Council's direction will be determined by corporate outcomes. Services will be held to account to achieve these outcomes</li><li>• Processes will be simplified, standardised and shared across the Council</li></ul>

## 1.4 BENEFITS SUMMARY – JANUARY 2017

**Benefits position:** Following design, the updated business case validates the *Case for Change* and now stands at £10m+. During design the potential savings were linked to current activity, confirmed with services and shared with management. Management recognise efficiencies are needed and are challenging. Implementation and realisation will require adherence to the holistic design and effective partner support.

Summary savings	Staff Budget <sup>1</sup> ('000)	Proposed Staff Budget 19/20 ('000)	Gross Staff Efficiency ('000)	Efficiency
Adults'	£12,154	£10,488	£1,666	13.7%
Children's	£13,606	£12,288	£1,318	9.7%
Environment	£19,553	£17,672	£1,881	9.6%
Customer	£7,505	£5,390	£2,115	28.2%
Enabling & Growth	£6,566	£5,540	£1,026	15.6%
Law & Corp Governance	£4,686	£3,785	£901	19.2%
Public Health	£1,425	£1,185	£240	16.8%
<b>Council total</b>	<b>£65,495</b>	<b>£56,348</b>		

Total Gross FTE Efficiency ('000)

**£9,147**

Additional FTE efficiency<sup>2</sup> ('000)

**£1,460**

Total Gross Staff Efficiency ('000)

**£10,607**

Additional Non-Staff related savings<sup>3</sup> ('000)

**£348**

Total Efficiency ('000)

**£10,955**

Annual Recurring Additional FTE Costs<sup>4</sup> ('000)

**-£267**

Annual Recurring Additional Technology Costs ('000)

**-£286**

**£10,402**

**TOTAL DESIGN NET EFFICIENCY ('000)**

Case for Change (July 2016) ('000)

**£10,300**

Target Range  
of £10m-£11m  
(net) savings  
for the  
Programme

- As part of the design process existing team structures have been mapped to the emerging corporate structure. Existing budgets for 2016/17 were recut to establish a baseline position based on these proposed team and activity moves.
- Additional staff efficiencies include Leadership changes.
- Additional non-staff efficiencies are based on 3% of any staffing saving reduction being released from the non staff budgets held within each service.
- Amounts to be invested into selected teams.

## 1.5 BENEFIT SUMMARY – BY FINANCIAL YEAR

**Phased benefit release:** The DOM Design will take approximately 31 months to implement and to become fully operational. The benefits will build over the next two to three years as technology is put in place and teams move to new ways of working. The phasing of releases will impact on the profile of benefits and service requirements. The breakdown of which services will be in each phase of the implementation are shown in the Implementation Plan.

Savings Off Baseline In Each Year	2017/18 ('000)	2018/19 ('000)	2019/20 ('000)	Total Off Baseline ('000)
Adults'	£0	£167	£1,499	£1,666
Children's	£0	£132	£1,186	£1,318
Environment	£32	£1,253	£596	£1,881
Customer	£212	£1,269	£635	£2,116
Enabling & Growth	£0	£718	£308	£1,026
Law & Corporate Governance	£360	£450	£90	£900
Public Health	£240	£0	£0	£240
<b>Council Total</b>	<b>£844</b>	<b>£3,989</b>	<b>£4,314</b>	<b>£9,147</b>
Additional Staff efficiency	£1,410	£0	£50	£1,460
Associated Non-staff efficiency	£66	£119	£163	£348
<b>Additional IT run Investment</b>	<b>-£215</b>	<b>-£71</b>	<b>-£0</b>	<b>-£286</b>
Additional staff investment	-£131	-£136	-£0	-£267
<b>Savings Off Baseline In Each Year</b>	<b>£1,974</b>	<b>£3,901</b>	<b>£4,527</b>	<b>£10,402</b>

# 1.6 PROGRAMME COSTS SUMMARY – JANUARY 2017

**Programme costs position:** Six months into the 3-year programme agreed in July 2016 the updated business case indicates that benefits are still viable. The costs to complete the Digital Operating Model delivery are estimated to be £13.5m (including contingency). This phase has provided greater clarity and certainty of the potential across the four areas that will be required to transform the Council and enables a reduction in the level of contingency.

Summary View	Current Proposed Budget ('000)
<b>1. Backfill of Council staff that are seconded to the Programme to deliver elements of:</b>  HR, Communications, Programme Leadership, Finance support and IT systems Subject Matter Specialism, Stakeholder Management & Promoting Digital Take Up <sup>1</sup>	£990
<b>2. Dedicated Implementation team support, over and above Council's PMO team, providing:</b>  Strategic Advice, Programme Management, Change Management support, Implementation Planning and Managing Dependencies to Other Council Projects.	£1,250
<b>3. Dedicated Additional Implementation team support, over and above Council secondees, providing:</b>  Detailed Operating Model Implementation, Detailed Service Redesign (redefined service offers), Organisational Design, Additional Process Reengineering, Building and Implementing the New Ways of Working, HR and Consultation Support, User Experience Requirements, Transition Planning and Knowledge Transfer to Council Staff.	£3,830
<b>4. Specialist Technology Implementation support providing:</b>  Management of Systems Integrator, Technical Project Management, Technology Design, Technology Procurements, Technology Detailed Process Specifications, User Experience Design (including navigation and look and feel), Business Intelligence framework (including Reports, Visualisation & Dashboards configuration). Hardware, Mobile Devices, Licences, Developing Integrations & Technical Systems Development (including potential Adults' and Children's system re-procurements).	£6,826
Sub-total	£12,896
Contingency (5%)	£645
<b>Total</b>	<b>£13,541</b>

1. This cost can potentially be mitigated by giving an opportunity for staff in any future redeployment pool to provide backfill to staff that are seconded.

# 1.7 PROGRAMME COSTS SUMMARY – BY PROGRAMME YEAR

**Programme costs position:** The table below breaks down the expected costs by the year within the Programme.

Summary View	Remaining Yr 1 (To End July 2017) (‘000)	Programme Yr 2 (Aug 2017 – Jul 18) (‘000)	Programme Yr 3 (Aug 18 – Sep 19) (‘000)	Current Proposed Budget ('000)
1. Backfill of Council staff that are seconded to the Programme to deliver elements of:  HR, Communications, Programme Leadership, Finance support and IT systems Subject Matter Specialism, Stakeholder Management & Promoting Digital Take Up	£220	£440	£330	£990
2. Dedicated Implementation team support, over and above Council's PMO team, providing:  Strategic Advice, Programme Management, Change Management support, Implementation Planning and Managing Dependencies to Other Council Projects.	£280	£540	£430	£1,250
3. Dedicated Additional Implementation team support, over and above Council secondees, providing:  Detailed Operating Model Implementation, Detailed Service Redesign (redefined service offers), Organisational Design, Additional Process Reengineering, Building and Implementing the New Ways of Working, HR and Consultation Support, User Experience Requirements, Transition Planning and Knowledge Transfer to Council Staff.	£780	£1,890	£1,160	£3,830
4. Specialist Technology Implementation support providing:  Management of Systems Integrator, Technical Project Management, Technology Design, Technology Procurements, Technology Detailed Process Specifications, User Experience Design (including navigation and look and feel), Business Intelligence framework (including Reports, Visualisation & Dashboards configuration). Hardware, Mobile Devices, Licences, Developing Integrations & Technical Systems Development (including potential Adults' and Children's system re-procurements).	£853	£3,413	£2,560	£6,826
Sub-total	£2,133	£6,283	£4,480	£12,896
Contingency (5%)	£107	£314	£224	£645
<b>Total</b>	<b>£2,240</b>	<b>£6,597</b>	<b>£4,704</b>	<b>£13,541</b>

# **DIGITAL OPERATING MODEL – DESIGN PHASE EXECUTIVE SUMMARY REPORT**

## **2. THE DIGITAL OPERATING MODEL**

## 2.1 THE APPROACH

Over the last nine months Bedford Borough Council and PwC have built a strong and trusted relationship, producing an initial assessment of the change required through to increasingly detailed levels of design. That work, involving extensive engagement with Council staff, has co-produced an achievable design to deliver £10m+ efficiencies from the operating model.

### Inputs

- Activity analysis to establish Council wide baseline and identify key areas of focus for the Council
- The deployment of a process to redesign the whole Council
- Over 100 face to face officer design meetings across all Council functions
- Used insight and experiences from both public and private organisations
- Ongoing Member and Management Team engagement and support
- Aligned the way forward at Management level
- Involvement of over 350 staff members in development sessions
- Worked closely with the PMO staff and sponsors of the programme

### Outputs

- Corporate Plan refreshed
- Technology Strategy and Target State Architecture developed
- Re-designed contact and assessment, strategic and enabling activity
- High level organisational design
- 80 processes redesigned
- Implementation plan and saving profile developed
- Business case updated identifying the source for £10m+ savings potential

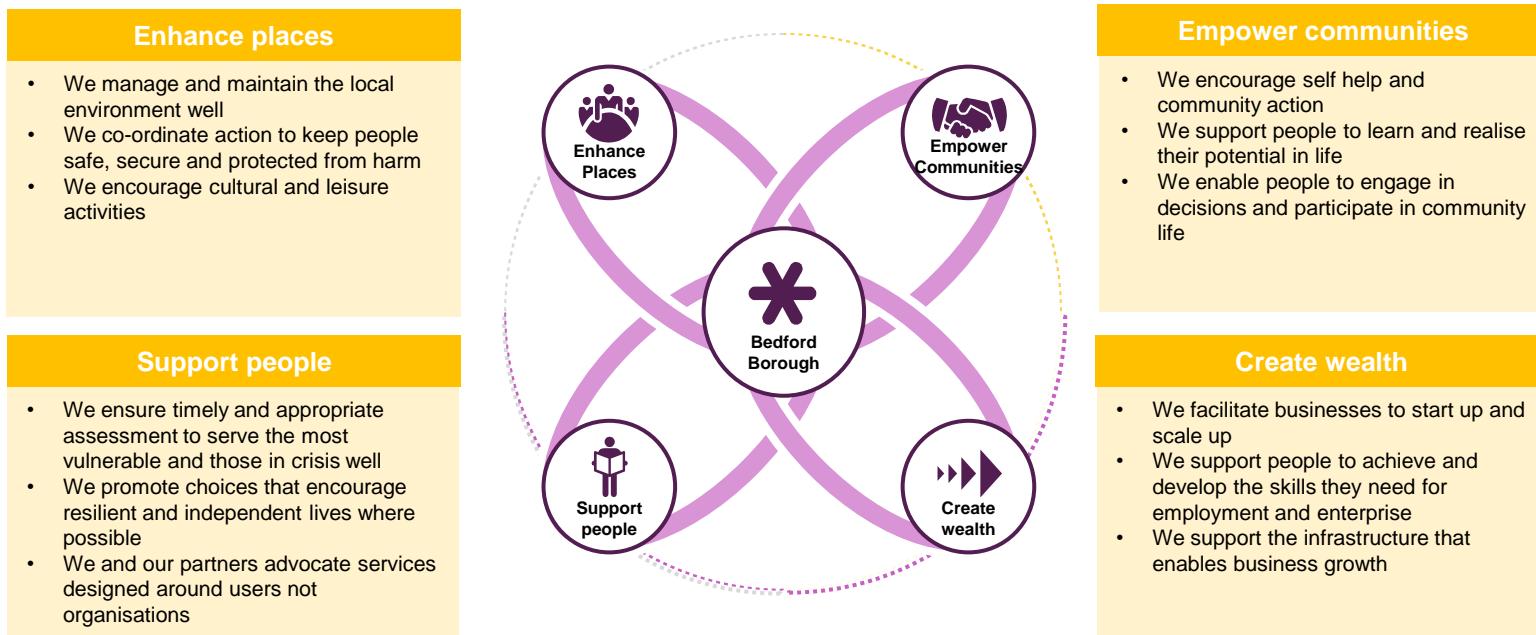
### Outcome

This design will enable the next phase of implementing the future organisation. This will build on the design to start realising benefits through:

- Corporate Plan priorities informing future budget proposals
- Operational and organisational design proposals resulting in leadership and service reconfigurations
- Process changes saving time and effort by utilising new technologies
- A Technology Strategy and Target State Architecture to inform technology selection and implementation, resulting in new and more productive ways of working

## 2.2 THE CORPORATE PLAN

In December 2016 the Council consulted on updated strategic priorities aimed at providing residents with the right services and solutions for their needs, positioning Bedford Borough as the place to grow by 2020. Subject to final approval by Council in February 2017 this is now the strategic agenda to which the design is aligned.



These priorities meant the design approach sought to:

- Use the potential of digital to make residents and businesses' engagement with the Council easier
- Focus on the services that make a real difference to achieving the ambition, building expertise and excellence in these areas
- Recognise the need to maintain a service but explore how to provide that service in alternative ways, and at lower cost, such as internal provision, shared services or outsourcing provision to specialist organisations.

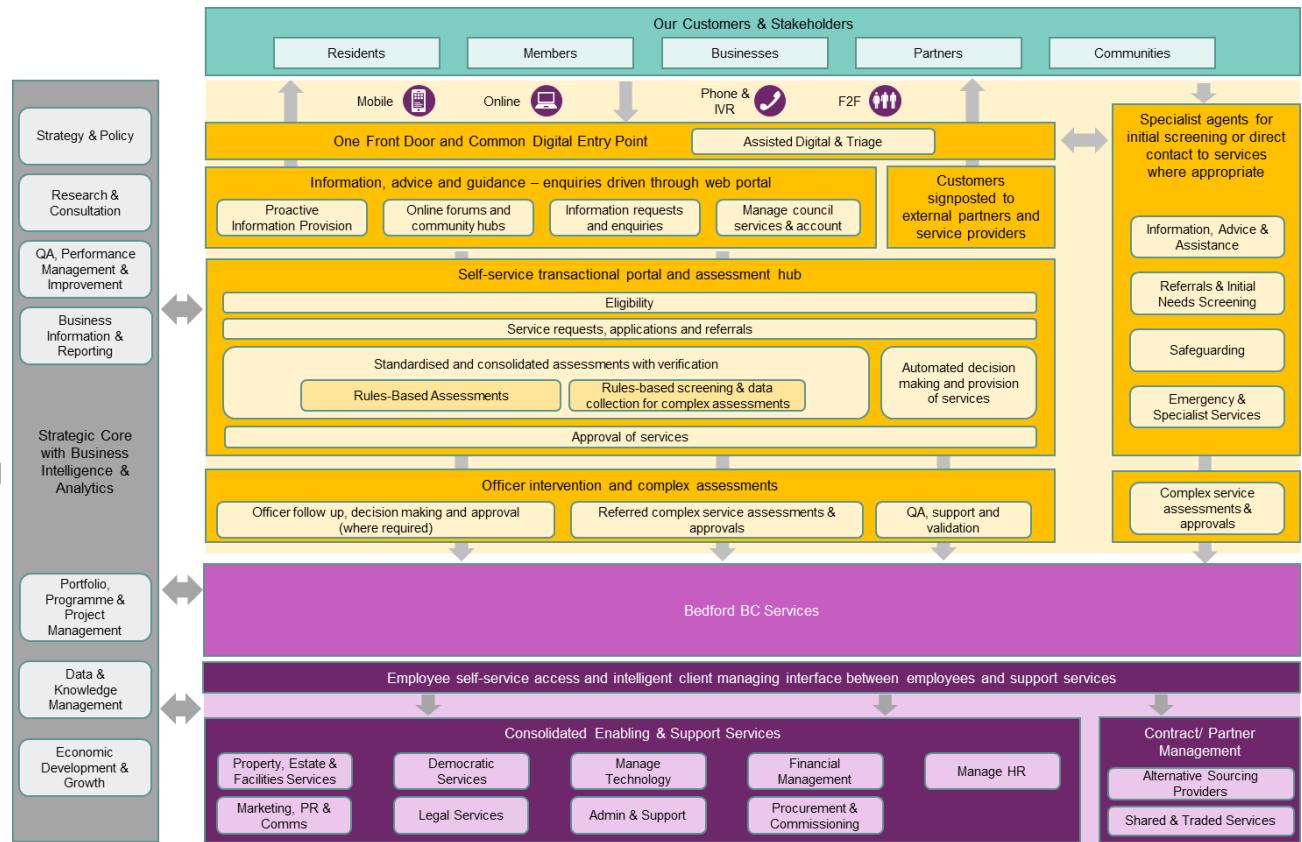
## 2.3 THE BLUEPRINT

The Council *Blueprint*, that has been developed in this Design Phase, seeks to stretch the boundaries of thinking in relation to how a local authority operates while creating an efficient and agile operating model that delivers strategic goals and savings of £10m+. It recognises the need for significant investment and strong leadership.

The *Blueprint* establishes a framework for this next stage of design across the four layers of the model where:

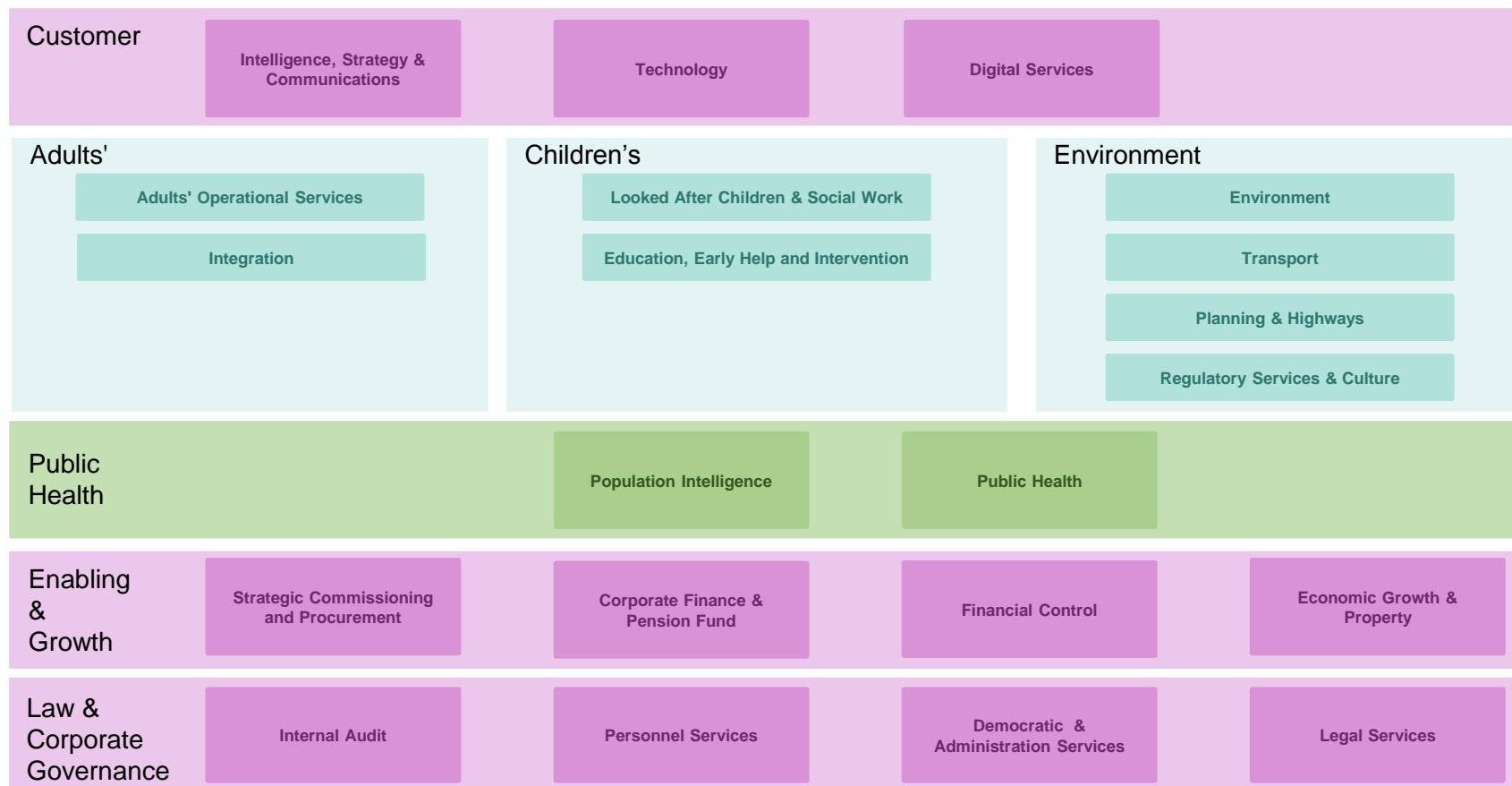
- Customer contact and assessment focuses on providing a consistent user experience
- Service delivery focuses on designing and delivering services
- Support and enabling services enable the Council to function effectively as an organisation
- Strategic core is the performance engine of the organisation.

This conceptual model has now been developed into a functional design to test and validate the approach and benefits.



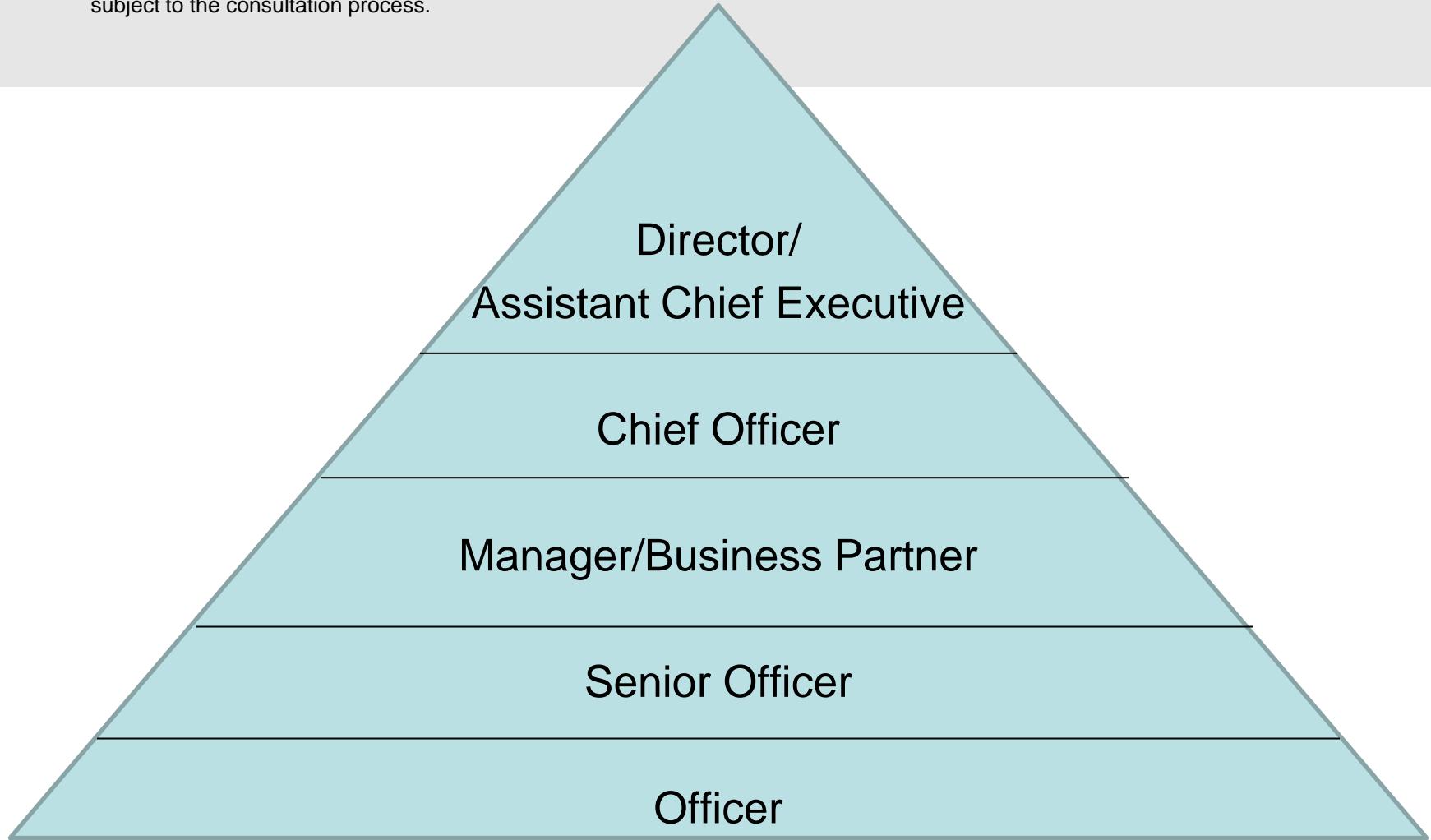
## 2.4 COUNCIL OVERVIEW

The Bedford Borough 2020 Digital Operating Model creates new proposed functions, as shown in visual representative of Bedford Borough Council's end state organisation design. This model identifies the building blocks for the council's corporate structure.



## 2.5 LAYERS OF STAFFING

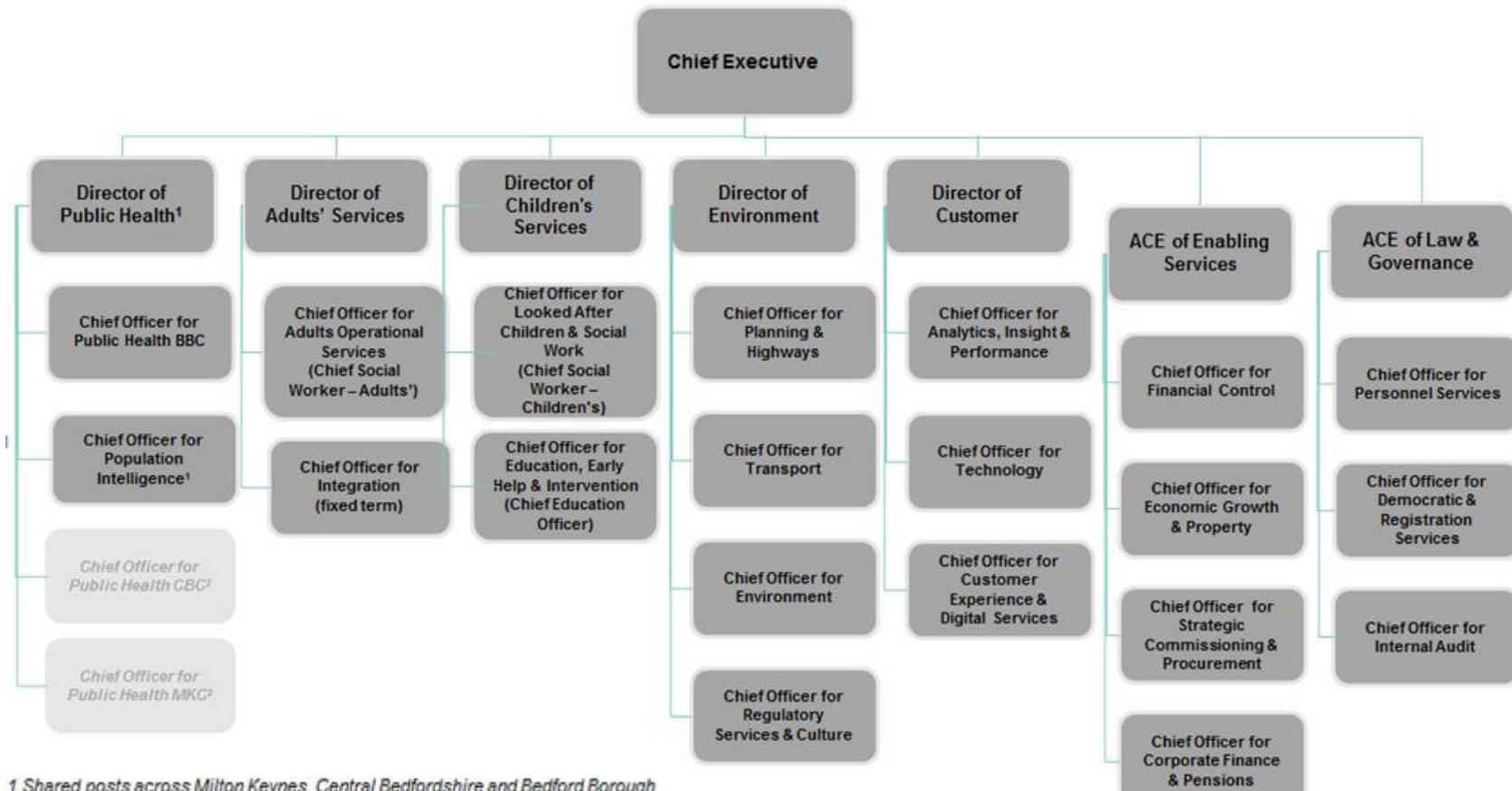
The figure below shows the proposed layers of staffing. These have been agreed as part of the Workforce Deployment Model and are subject to the consultation process.



NB: Not all structures need all layers

## 2.6 PROPOSED LEADERSHIP ORGANISATION STRUCTURE

The diagram below shows the proposed leadership organisation structure, which is draft subject to the consultation process.



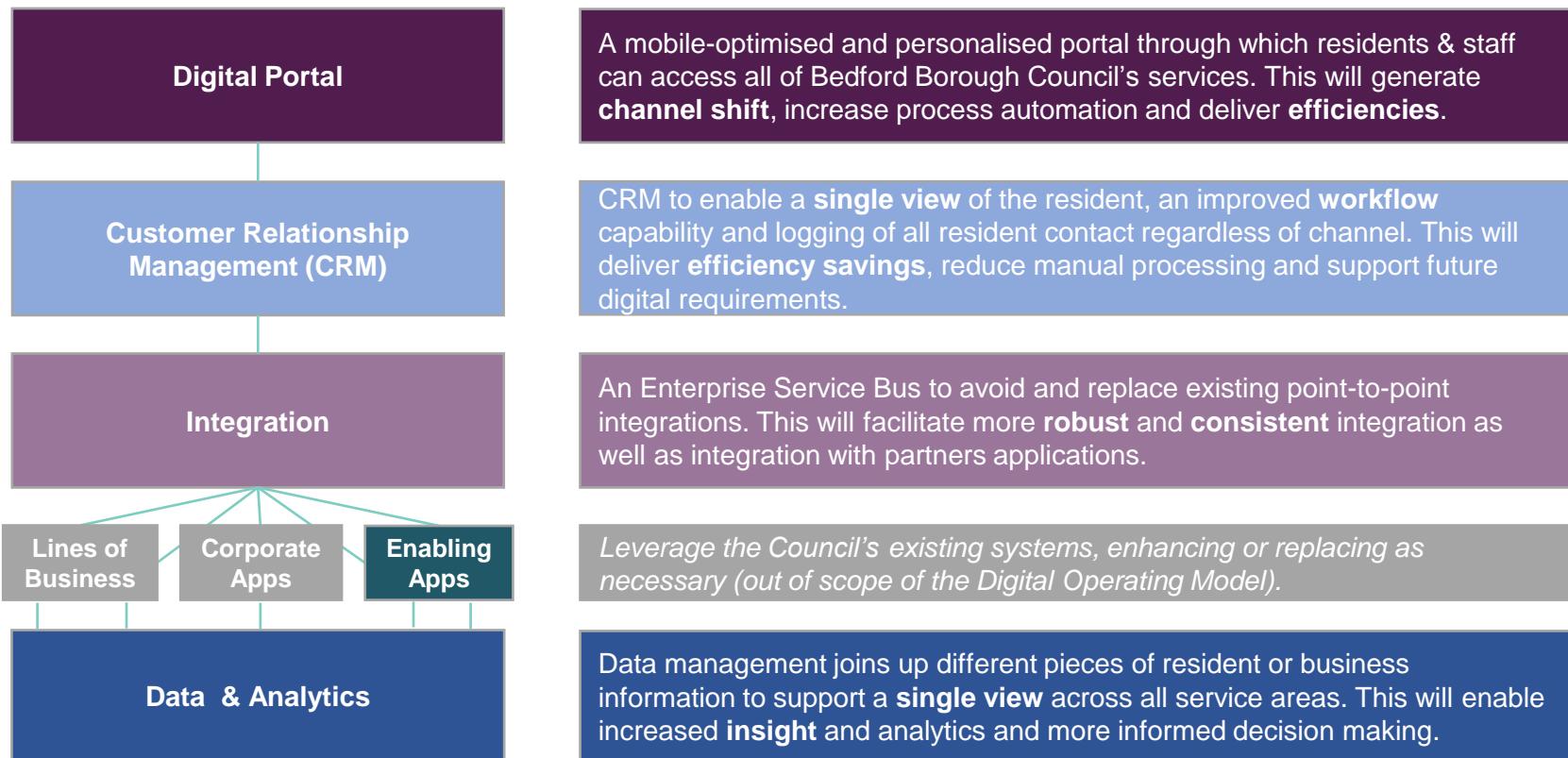
## 2.7 TECHNOLOGY PRINCIPLES

The Council's technology strategy has four core ambitions: data-centric, corporatised IT, cloud by default and use of commercial off the shelf (COTS) technology. These focus areas are underpinned by a set of technology principles which will inform decision-making about technology investment going forward.

Domain	Principle
User focus	<ul style="list-style-type: none"><li>We steer the direction of information technology solutions to deliver excellent resident, business and employee services that meet and adapt to user demands as these evolve.</li></ul>
Secure and resilient	<ul style="list-style-type: none"><li>We design solutions and select technologies that incorporate information management, security and data protection needs.</li><li>We partner with external partners and technology suppliers to develop and share best practice.</li></ul>
Industry best practice	<ul style="list-style-type: none"><li>We strive to use technology that follows proven and published standards, whether open source or commercial.</li><li>We select technologies that reduce the complexity of information and systems integration.</li><li>We deploy systems and services that can be scaled without altering the basic design or architecture of the system.</li></ul>
Integrated	<ul style="list-style-type: none"><li>We avoid divergent implementations of technologies that may require additional cost, training, or could confuse our users.</li><li>We encourage vendors to make their products integrate with our infrastructure and require interoperable solutions.</li></ul>
Automated	<ul style="list-style-type: none"><li>We strive to automate routine and manual tasks related to every aspect of IT service.</li><li>We will implement automation that enhances efficiency, improves resident service and allows us to successfully scale up support across Bedford Borough Council.</li><li>The tools we use for IT support improve the experience of our users.</li></ul>
Common use applications	<ul style="list-style-type: none"><li>Development of applications used across the enterprise is preferred over the development of similar or duplicative applications which are only provided to a particular business area.</li><li>Common platforms and standards will be adopted that will drive business process standardisation.</li></ul>

## 2.8 TECHNOLOGY ARCHITECTURE OVERVIEW

The technology components required to deliver the change have been collated to form an architecture that will underpin the Council's future state. These have been integrated together into a high level architecture that illustrates how the different components will work together to enable the future state design.



## 2.9 DIGITAL THEMES

Seven digital themes have been created, underpinning the common digital entry points of the future operating model, delivering improved efficiency and effectiveness in initial resident or business contact and assessment activities, as well as enhanced employee experience and efficiency.



### Resident & Business Engagement

An enhanced resident & business experience that makes it easy and enjoyable for users to interact with the Council, using any device.



### Digital Community

A place that allows residents and businesses to form interest-based connections within the borough in an easy and transparent manner and one that reduces Council intervention.



### Digital Self-Service

Transactions and assessments designed in a way that they require minimum effort from residents and provide decision makers with real-time data and archived history to make rapid decisions.



### Intelligent Information

A smarter way for residents to receive and send information. Consolidating and mastering information in one shared place.



### Data & Analytics

Real-time dashboards and analytics reports allow the Council to make the right decisions and prioritise actions.



### Integration

Designed to support a robust and consistent integration with lines of business as well as a better engagement and seamless flow of transactions across partners for richer insight.



### Digital Employee

A new way of working that supports and promotes self-service, collaboration and mobility.

## 2.10 THE CHALLENGE

**The challenge:** Throughout the design phase the Council has recognised a number of key areas of challenge for both the transformation and the ongoing operations of the transformed Council. The key areas of challenge are:

### During Transformation

- Having sufficient capacity to deliver the proposed changes and manage business as usual
- Building digital knowledge throughout the Council to enable the savings to be achieved
- Closing the skill gaps in relation to some technical areas of transformation

### Post Transformation

- The development of experience and skill sets in specific areas to support a newly transformed Council
- Empowerment from members to officers to run the operations of the Council
- Officers to continue to take on clear accountability to lead and manage in an ever increasing proactive manner

## 2.11 PEOPLE & CULTURE PRINCIPLES

People and culture are critical enablers for transitioning residents, staff and members towards the future way of working. There are a number of principles required to guide the development of the future organisation.

### What needs to be in place?

- Members and senior management of the Council support and champion the change by role modelling new behaviours and ways of working, as well as empowering officer leadership and staff to run the operations of the Council.
- The Digital Operating Model will require new skills that are unlikely to be fully available within current resource. Training will be required to make the new digital ways of working successful by ensuring the Council is utilising staff with the right skills and abilities.
- A Council with a re-balanced risk appetite, where individuals are trusted and encouraged to trial, test and learn.
- A performance driven culture where poor performance is dealt with and positive performance is praised & recognised.
- All indicators, actions and outcomes are connected through a golden thread from what residents need, to Corporate Strategy, to what officers do.
- An evolved Council that is more agile and responsive to disruption, and is able to adapt by implementing change on a rapid and ongoing basis.
- A workforce that is tech-savvy, mobile and can work remotely. A workforce that is not constrained by teams or services, but thinks in a multi-disciplinary way.
- Managers managing in a consistent and empowered way (managers have time to manage, setting clear targets for teams, managing and reviewing performance regularly, providing coaching, helping staff to address skills gaps, managing staff virtually, checking adherence to common standards).
- Competencies and procedures to support the new organisation and reflect the required attributes and behaviours to deliver new ways of working.
- A Council-wide commitment to being resident focussed including conducting ongoing user research, testing online sites and services with end users and acting upon what is learnt to ensure a high quality user experience.

### Benefits for residents & the Council

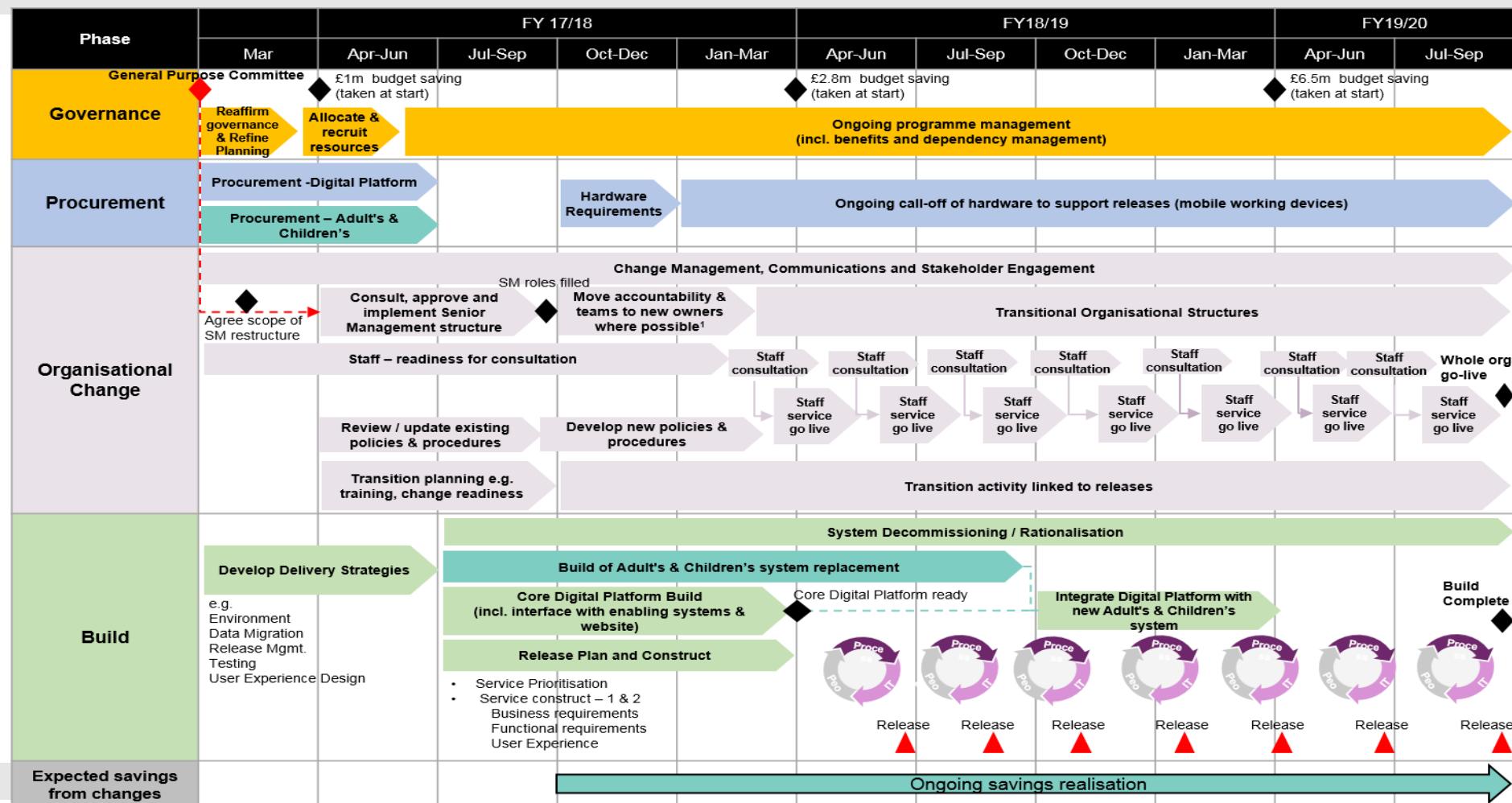
- Better interactions and relationships between members, residents, businesses and Council employees.
- Strong staff morale through empowerment, autonomy, trust and the tools to deliver effectively.
- Foster an organisational culture of continual performance improvement leading to ongoing efficiency benefits.
- Potential to rationalise the Council's asset portfolio by enabling more staff to no longer need to work in an office environment.
- Staff who are more engaged during the digital change programme and beyond.

# **DIGITAL OPERATING MODEL – DESIGN PHASE EXECUTIVE SUMMARY REPORT**

## **3. IMPLEMENTATION**

# 3.1 IMPLEMENTATION PLAN ON A PAGE

The Digital Operating Model implementation will be part of the wider Bedford 2020 Programme. The governance arrangements for DOM implementation will build on the structures put in place for the Design Phase. **This is a dynamic plan that will be refined during the months of February and March. In particular the plan needs to ensure there is sufficient review and approval time for key milestones and outputs through out the lifetime of the programme.** There are likely to be some refinements to the plan once the Systems integrator is on board.



<sup>1</sup>The move of accountability and teams to new Senior Manager structure is a complex process that needs to be worked through in more detail in the coming months