

For publication

The Organisational Development Programme 2022 - 2025

Meeting:	Cabinet
Date:	26 April 2022
Cabinet portfolio:	Business Transformation and Customers
Directorate:	Digital, HR and Customer Services

1.0 Purpose of the report

- 1.1 This report details the approach which will be taken to implement Organisational Development in Chesterfield. It sets out the design principles and the proposed governance arrangements which will support the successful ongoing development and delivery of the Organisational Development Programme.
- 1.2 The report also presents an overview of the Council's Organisational Development Programme, including details of those projects that are forecast to deliver financial benefits over the current Medium-Term Financial Plan (MTFP) period, from 2022/23.

2.0 Recommendations

- 2.1 That Cabinet approves the Organisational Development Programme as set out at Appendix A of this report.
- 2.2 That Cabinet approves the proposed design principles and governance arrangements for Organisational Development, as set out at paragraphs 4.5 to 4.17 of this report, so that appropriate oversight and management of the Organisational Development Programme can be achieved.
- 2.3 That Cabinet notes the projects set out in Appendix B of this report that are forecast to deliver financial benefits from 2022/23 to 2025/26 and approves the use of an additional £140k of capital receipts flexibility to support this delivery;

this is in line with the funding decision already made by Full Council when approving the MTFP that capital receipts flexibility be used for this purpose.

- 2.4 That Cabinet approves the use of up to £200k from the Service Redesign Reserve to support initial work to develop service improvements and reshape activities with the Finance Service and Property and Technical Services, with detailed business cases being developed for approval that will embed long term improvements; this is in line with the funding decision already made by Full Council when approving the MTFP that the Service Design Reserve be used for this purpose.
- 2.5 That Cabinet delegates authority to the Service Director for Digital, HR and Customer Services, in consultation with the Council's Section 151 officer and the Cabinet Member for Business Transformation and Customers, to approve the use of and draw down of funding of up to £50k per project through the use of Capital Receipts Flexibility or from the Service Redesign Reserve, where additional funding is required to pump prime approved business cases; this is in line with the funding decision already made by Full Council when approving the MTFP that capital receipts flexibility and / or the Service Design Reserve be used for this purpose.

3.0 Reasons for recommendations

- 3.1 To ensure that the Organisational Development Programme is approved, with clearly understood design principles and governance arrangements, so that the change activities which are undertaken by the Council support the successful achievement of the Council Plan and MTFP and deliver against the seven outcomes set out in the Council's Organisational Development Strategy.

4.0 Report details

Background

- 4.1 Chesterfield Borough Council has a good track record of delivering ambitious internal change programmes. In recent years, the Council has successfully insourced services; delivered shared services with other Local Authorities; improved its ICT infrastructure; developed and upskilled its workforce, moving from Investors in People Bronze accreditation to Investors in People Gold accreditation; and has navigated its way successfully through the Coronavirus pandemic, whilst continuing to deliver high performing services within a reduced budget envelope.

4.2 The Council has also laid the foundations to enable continuous change and development to take place, including

- the merger of silo-based business change resources into a single Organisational Development team;
- the introduction of a dedicated HR Business Partner for each Service Director so that line managers can learn and develop their leadership and management skills, supported by a safe critical friend;
- the implementation of a partnership agreement with the Trade Unions, which drives strong working relationships and supports collaborative change;
- the implementation of a digital platform and integration tool which will underpin our future technology and customer access improvements.

4.3 On 28 April 2021, the Council approved its Organisational Development Strategy 2021 – 2023. This strategy focuses on enabling the Council to continuously improve and raise the performance of the organisation, and adapt to changing environments, by taking a new approach, known as Organisational Development.

4.4 The Organisational Development Strategy sets out seven outcomes that the Council aims to achieve. Successful achievement of these outcomes will require us to understand and continuously improve our organisational structures, policies, and procedures, whilst also developing the human facets of the organisation such as culture, values, and leadership. The Organisational Development outcomes which are set out in the approved strategy are:

- 1) **People & Culture:** Develop a skilled, resourceful, and effective workforce, which can deliver our future ambitions.
- 2) **Finance & Commercial:** Increase financial performance and resilience throughout the Council and further develop a commercial culture, including working with partners, to maximise the performance of our assets.
- 3) **Access to Services:** Provide improved access to services for our communities in relation to the services they need, in the way they need them, and via a single point of contact and resolution.
- 4) **Digital & Data Capability:** Develop digital capability, which enables new ways of working, enhanced service performance and culture change; making management and use of data more effective, to inform decision making and insight.

- 5) **Strategy, Policy & Governance:** Enhance and standardise evidence-based planning and decision making, with agile, transparent, and effective governance structures.
- 6) **Programme & Performance Management:** Deliver Council priorities more effectively through centrally coordinated programme and performance management, which is incorporated into a corporate framework and with dedicated management resource.
- 7) **Engagement & Communication:** Co-design services and improvements with our stakeholders. Increase awareness of council services and improve our reputation by demonstrating delivery of Council outcomes and associated benefits to our communities.









Organisational Development Design Principles and Process

4.5 It is proposed that the Council's overall strategic planning cycle, in terms of the development and delivery of the Council Plan and the MTFP, provides the ongoing context for the development and delivery of the Organisational Development Programme.

4.6 In line with this strategic planning cycle and the annual performance cycle, an Organisational Development design process has been developed. This process will enable the identification and prioritisation of the projects and change activities which need to be undertaken so that the Council can achieve the Organisational Development outcomes set out in paragraph 4.4 above. Diagram 1 below shows how the projects will progress through three key stages:

- Discover and define
- Design and develop; and
- Delivery

Diagram 1: Organisational Development design principles and process

<p>Set the Corporate Strategic Direction Cabinet & Corporate Leadership Team</p>	<p>Annual discussion(s) and a subsequent 6 monthly review of progress will be undertaken by the Council’s leadership, focusing on horizon scanning, strategic direction and consideration of the changes that are required to the Council Plan, MTFP & our workforce strategy.</p>
	
<p>Share the Strategic Direction and engage with teams to identify continuous improvements Service Director & workforce</p> <p>Discover and Define Stage</p>	<p>6 monthly discussions will be undertaken by the Service Director and their teams, in line with strategic planning timelines, The discussion will focus on</p> <ul style="list-style-type: none"> - Any service delivery changes which have been identified from setting the Corporate Strategic Direction - Identification of the continuous improvements which could/should be made in services so that the OD strategy outcomes can be achieved. <p>The Service Director and their teams will develop</p> <ul style="list-style-type: none"> - Service/Directorate Business Plan updates - Discovery reports for suggested new Organisational Development projects/activities which could be incorporated into the Organisational Development Programme
	
<p>Approval to develop projects to detailed business case stage PMO / OD Steering Group</p> <p>Design and Develop Stage</p>	<p>The Organisational Development Steering Group reviews the discovery reports and agrees the projects which are to be ‘designed and developed’ to a detailed decision-making business case.</p> <p>Project resources are agreed and allocated, and the project is added to the Organisational Development programme dashboard.</p>
	
<p>Approval of Detailed Business Case</p> <p>Design and Develop Stage PMO / OD Steering Group / Elected Members</p>	<p>The Organisational Development Steering Group reviews the decision-making business case and recommends that the project is moved into the ‘delivery’ phase or that it does not proceed.</p> <p>Elected members, or members of the OD Steering Board, will provide formal approval for projects to move to ‘delivery’ stage, in line with the Council’s constitution and relevant delegated authority.</p>
	
<p>Delivery of the OD programme Delivery Stage</p>	<p>Project teams are established, Organisational Development projects are in flight and their delivery is monitored and reported through the Organisational Development governance process, including oversight of benefits realisation.</p>

- 4.7 The Organisational Development Steering Group will use specific criteria to determine whether projects at the *Discover and Define* stage should move into the next stage, *Design and Develop*. The criteria are:
- The project will deliver in support of Council priorities,
 - The project will change systems, processes, people, and / or technology which will improve outcomes for residents and businesses,
 - The project is costed in an outline business case, can be resourced and is financially viable,
 - The rationale for the project is evidenced using robust data and customer insight or research.
- 4.8 When a project is moved into the *Design and Develop* stage, a more detailed business case will be developed which clearly sets out the scope, costs, benefits, resource requirements, key risks, and dependencies for the project, together with a project delivery plan. These business cases will be formally approved in line with the Council's existing constitution.
- 4.9 Projects will move into the next stage, *Delivery* when the project has been through the appropriate approval route.
- 4.10 It is intended that the Organisational Development Programme is reviewed and refreshed every six months to ensure that it remains current and continues to meet the needs of the organisation.

Governance of the Organisational Development Programme

- 4.11 It is recommended that the performance of the Organisational Development Programme is overseen by an Organisational Development Steering Group, which will be chaired by the one of the Council's Executive Directors.
- 4.12 It is proposed that the Chief Executive, the Executive Directors and Service Directors form the membership of the Organisational Development Steering Group. The group will oversee the progress of the programme, act as an escalation route for strategic risks and issues and provide advice and direction to the projects where necessary. The Steering Group will also provide assurance of quality and objectives and track overall investment and realisation of benefits.
- 4.13 Each Service Director will sponsor and be accountable for the projects and change activities within their own directorates, and they will chair an Organisational Development Directorate Programme Board which is responsible for the scope,

planning, resourcing, budget, and benefits for each of their projects. The Organisational Development Directorate Programme Boards will include appropriate representatives from finance, HR and other core support services as required. Those projects which span several Directorates will be sponsored by the Service Director for Digital, HR and Customer Services, who will also retain day-to-day oversight of the performance of the overall Organisational Development Programme. Each of the Service Directors will be accountable to the Organisational Development Steering Group collectively for delivery of the projects assigned to them. Appendix C identifies the initial Organisational Development Programme separated by Organisational Development Directorate Programme Boards.

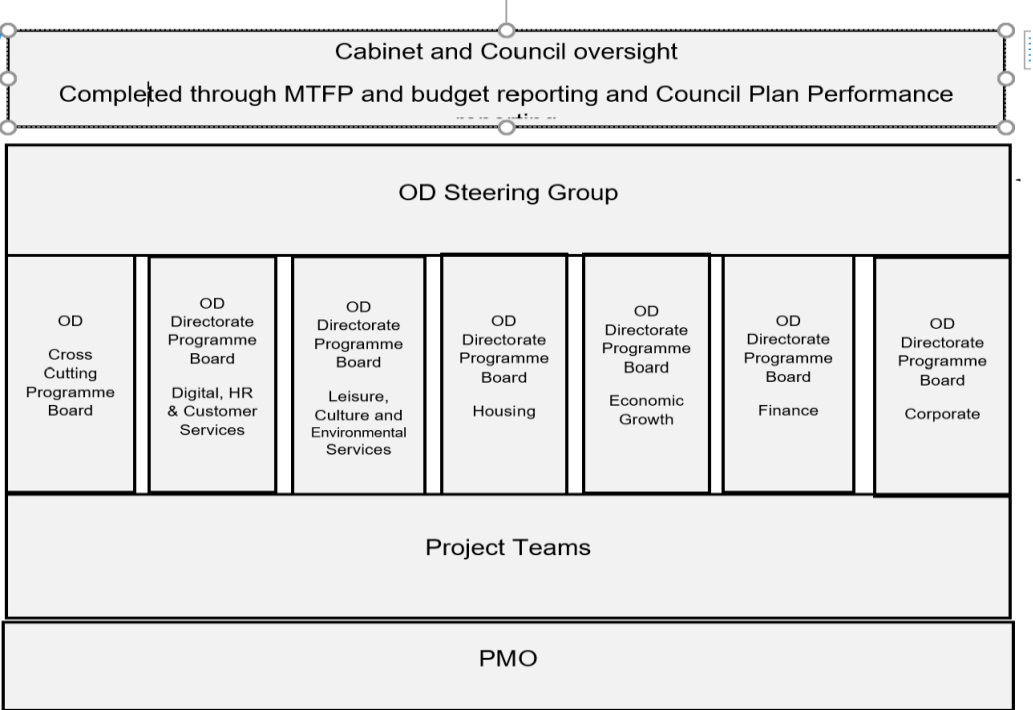
4.14 In line with our partnership arrangement, the Trade Unions will be engaged in project delivery and regular project updates will be provided at the relevant Directorate Joint Consultative Committees. Organisational Development Programme updates will also be provided at the Employer and Trade Union Committee.

4.15 The Council's Programme Management Office (PMO) will be established and will support all Directorate Programme Boards and manage the interdependencies, budget, and risks across the consolidated Organisational Development Programme.

4.16 Performance of the Organisational Development Programme will be reported as part of the Council's broader portfolio of projects and programmes collectively via the PMO and into Cabinet and Council as part of regular monitoring reports on the Council Plan and MTFP.

4.17 Diagram 2 below demonstrates the proposed governance structure for the Organisational Development Programme.

Diagram 2 Proposed OD Governance structure



Organisational Development Programme – 2022/23 to 2025/26

4.18 Following the approval of the Organisational Development Strategy in April 2021, the Council’s Corporate Leadership team has worked collaboratively with employees to identify the change activities which should be undertaken over the medium term, so that the Council can achieve the Organisational Development outcomes it has set out. A single Organisational Development Programme has been developed which draws together these activities. This Programme is set out at Appendix A of this report.

4.19 The proposed Organisational Development Programme is grouped around four strategic areas of focus. These are:

- Delivering the final year of our **ICT Improvement Programme** so that we can continue to strengthen our ICT infrastructure, cyber security and digital skills and grow our digital platform.
- Developing the **Customer Experience**, so that residents remain satisfied with the services we provide, and our services become more accessible.
- **Developing our people and our use of resources** so that duplication is reduced, technology is used to improve the efficiency of our internal work

process and our staff are supported to continue to deliver great services. Key workstreams will include delivering our Procurement Strategy, developing, and delivering our refreshed People Plan, reshaping our finance service, reviewing our Communications and Marketing structures, reshaping Property and Technical Services and developing and implementing our Asset Management Strategy, and,

- ***Developing new ways of working***, including re-thinking, and modernising our services so that we become more efficient and extending the agile working principles that have been introduced throughout the coronavirus pandemic.

Organisational Development Delivery Plan Benefits

4.20 The projects which are contained within the Organisational Development Programme primarily focus on the successful implementation of priority three of the Council Plan – delivering value for money services - and will deliver a range of benefits for the Council. These include:

- Customer benefits – quantified in terms of improved customer satisfaction, a better experience (including quicker response and resolution times and direct access to information) and a widening of access channels.
- Cultural benefits – quantified in terms of increased innovation through improved employee engagement and development, improved workforce satisfaction, increased communication across all levels of the organisation, quicker decision making and reduced employee turnover.
- Financial benefits - quantified in terms of the economies achieved that contribute to the development of a balanced MTFP. Examples of financial benefits are lower service delivery costs, measurable cost avoidance and income generation opportunities.
- Efficiency benefits – quantified in terms of people or processes being more productive (i.e., doing more for less), reducing the cost-of-service delivery and reducing errors, duplication, and multiple hand offs. These do not necessarily result in a cashable benefit for the Council.

Individual business cases will set out the range of benefits which are expected to be achieved.

- 4.21 Some of the projects contained within the Organisational Development programme are expected to drive out financial benefits for the Council which, when combined, should result in the achievement of additional cumulative benefits of up to £830k by 2025/26 and £392k of recurring annual benefits thereafter. The projects that are proposed to deliver financial benefits are set out in Appendix B.
- 4.22 Members are asked to note that many projects contained within the Organisational Development Programme are still in the *discovery and define* or the *design and develop* stages and that until the detailed business cases have been through formal approval processes, the costs and financial benefits which have been identified in Appendix B are estimates only. Following formal approval of the detailed business cases, any budgetary changes will be incorporated at that time into the Council's MTFP.
- 4.23 The Organisational Development Programme will enable the Council to deliver improved, more efficient services to our communities. The projects which are expected to deliver financial benefits to the Council will also help to offset the costs of others where the achievement of service improvements is the priority. This holistic approach will ensure that the Council achieves a joined-up approach to change, with clearly understood customer, cultural, financial and efficiency benefits.

5.0 **Alternative options**

- 5.1 The Council could choose not to progress with the delivery of a single Organisational Development Programme and continue to deliver silo- based change programmes. However, this could result in change activity taking place across service directorates which is poorly co-ordinated, with little corporate visibility and with multiple projects competing for the same resources. This approach also risks duplication and contradiction of effort and prioritisation, which could have a negative impact on our workforce and on the Council's ability to maintain effective services.
- 5.2 The Council could choose to reduce or increase the level of change activity that is undertaken and fix the scope of the Organisational Development Programme without further review. This approach has been disregarded as the Organisational Development process is intended to drive continuous improvements, efficiency, and culture change over several years whilst being responsive to changing environments. It is therefore prudent to regularly review and where necessary revise the scope of the Organisational Development Programme, to ensure it remains current and fit for purpose.

6.0 Implications for consideration – Financial and value for money

6.1 The Organisational Development Programme contains a series of projects which are expected to realise cumulative General Fund financial benefits of the order of £1.202m by 2025/26 and £392k of annual recurring benefits thereafter. This is in addition to the delivery of ICT Improvement Programme benefits which have been included in the MTFP for the last few years.

6.2 Some of the financial benefits which have been identified within the Organisational Development Programme are well understood and have already been included in the Council's MTFP. These include:

- Improving the customer services offer at the council's sports centres
- Delivering a reshaped Visitor Information Service in line with the council's new Visitor Economy Strategy
- Local Government ward boundary review

6.3 The remaining projects are at the *Discovery and Define stage* or are waiting for fully developed business cases to be completed and approved at the end of the *Design and Develop stage* before the one-off costs and benefits are built into the Council's MTFP. Taking account of the estimated financial benefits already built into the MTFP, the additional indicative estimates suggest that the programme should achieve additional cumulative financial benefits totalling £830k by 2025/26.

6.4 The Government has recently confirmed an extension to the flexible use of capital receipts to March 2025. The definition set out by the Government confirms that goods, services, and the resources which are required to drive out efficiencies and long-term budget reductions can be funded using this flexibility. It is therefore our intention to use this flexibility to part fund the Organisational Development Programme.

6.5 £500k of capital receipts have prudently been set aside as part of the recently approved MTFP to meet this need. £357k of capital receipts will be utilised to fund Organisational Development project resources, that are already supporting the delivery of projects which generate financial benefits for the Council. These resources were previously funded through the Council's revenue budget. Appendix B sets out proposals for the use of a further £140k of the capital receipts to support the deployment of additional project resources to progress the customer experience strategic area of focus and the one-off costs that are

envisaged to be required to re-design the Council's printing and postage processes and systems.

- 6.6 In recognition of the fact that not all Organisational Development projects and change activity will generate financial benefits, the need for a further reserve was identified within the Council's MTFP report, which will provide pump priming for those projects that will realise customer, cultural and / or efficiency benefits and develop the organisation in a positive way but which will not realise cashable financial benefits. For example, the project activities needed to reshape the Finance Service and Property and Technical Services will require additional specialist support to deliver the desired nature and pace of transformation.
- 6.7 A Service Redesign Reserve of £750k was created when the Council's ICT Improvement Programme was approved, to cover the costs of reorganisation and any resulting severance costs. Many of the budget reductions which have been realised via the ICT improvement programme have been achieved through natural turnover and £555k of funding remains in the reserve. Members have, in approving the MTFP at Full Council, agreed that the scope of the reserve should be extended to support projects and change activities of the nature referenced in paragraph 6.6 above.
- 6.8 Members are therefore asked to approve the draw-down of up to £200k of funding from the Service Redesign Reserve, so that specialist expertise can be called off to support the transformation of the Finance Service and Property and Technical Services. This specialist expertise will support the development of detailed business cases including the preparation of transformational road maps for these services.
- 6.9 Delegated authority is also sought for the Service Director for Digital, HR and Customer Services, in conjunction with the Section 151 officer and the Cabinet Member for Business Transformation and Customers, to draw down as necessary up to £50k of funding at a time from the Service Redesign Reserve to pump prime the delivery of smaller value projects which are supported by an approved business case. Approval for the drawdown of funds for projects which cost £51k or above will be referred to Cabinet (and Council where appropriate), for a decision in line with the Council's constitution.
- 6.10 As part of the governance of the projects and programmes contained within the Organisational Development Programme, regular monitoring of project costs and financial benefits realisation will take place. This information will be reported to elected members through the regular budget monitoring reports which are presented to Cabinet and Council.

7.0 Implications for consideration – Legal

- 7.1 The proposed governance arrangements for the Organisational Development Programme will ensure that the Council's legal constitution is always complied with.
- 7.2 Some projects contained within the Organisational Development Programme will require public consultation prior to any changes taking place. This will be scheduled within individual project plans.

8.0 Implications for consideration – Human resources

- 8.1 The Organisational Development Programme focuses on developing a skilled, resourceful, and effective workforce which is capable of delivering the council's priorities and objectives.
- 8.2 Existing Business Transformation and Digital Change teams have already been brought together to form the newly created Organisational Development Team. These staff members will support Service Directorates to deliver their respective Organisational Development projects.
- 8.3 Some projects will require specialist, skilled resources to support their successful delivery. For example, the projects relating to the reshape of the Finance Service and Property and Technical Services will require external interim support to ensure their successful implementation.
- 8.4 The Organisational Development Programme will drive out financial benefits and efficiencies as services are redesigned and projects are implemented. The Council's restructure policy will be followed where service redesign results in changes to the establishment.
- 8.5 It is anticipated that there will be a reduction in headcount of up to 20 people over the next four years linked to projects identified in the Organisational Development Programme. It is expected that this reduction will be managed through natural turnover or redeployment of staff where possible. However, use of the Service Redesign Reserve has been extended to cover voluntary redundancy / retirement costs for the Organisational Development Programme where this is necessary.

9.0 Implications for consideration – Council Plan

9.1 Implementation of the Organisational Development Programme will ensure effective delivery and increased performance against the Council Plan with a particular emphasis on priority three – delivering value for money services.

10.0 Implications for consideration – Climate Change

10.1 The projects captured within the Organisational Development Programme will support delivery of the Council's Climate Change Action Plan and our targets to be a net carbon neutral council by 2030 and borough by 2050.

10.2 Individual climate change impact assessments will be completed for each of the projects within the Organisational Development Programme prior to their delivery.

11.0 Implications for consideration – Equality and diversity

11.1 Preliminary equality and diversity analysis has been undertaken and no negative impacts have been identified for any protected characteristics. Individual equality impact assessments will be completed for each of the projects within the Organisational Development Programme prior to their delivery.

12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Failure to develop a fit for purpose programme of work	H	M	The OD Programme has been developed in collaboration with the Corporate Leadership Team and employees. The PMO will ensure oversight of progress made against the programme.	M	L

			Regular reviews will take place to ensure the programme remains fit for purpose		
Failure to resource the priorities set out in the programme	M	M	Projects will be managed using three stages – Discover and Define, Design and Develop and Deliver. This will ensure that the correct level of resources is allocated at every stage. PMO oversight of the delivery plans will ensure resource gaps are clearly identified and understood	M	L
The OD Programme does not realise the benefits identified	H	M	Robust governance and detailed benefits realisation plans will be developed for each strategic area. Progress will be regularly reported to the OD Steering Group and to Cabinet.	H	L

Decision information

Key decision number	1093
Wards affected	All wards

Document information

Report author	
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Appendices to the report	
Appendix A	The Organisational Development Programme
Appendix B	Estimated financial benefits
Appendix C	Directorate Programme Boards