



Date: Monday, 15 July 2024

Time: 2.00 pm

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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TRANSFORMATION AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

TO FOLLOW REPORT (S)

8 Council's New Target Operating Model (TOM) (Pages 1 - 28)

To receive and scrutinise the report that sets out the Council's new TOM report and clarifies the short-term arrangements that are being made, and begins to describe how the Council of the future will look and operate.

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Committee and Date

Transformation & Improvement Overview and Scrutiny
15 July 2024

Cabinet
17 July 2024

Item

Public



Shropshire Council Strategic Operating Model

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Cabinet Member (Portfolio Holder):	Lezley Picton, Leader		

1. Synopsis

The Council will operate in new and different ways in the future, more agile, effective and efficient in the way it delivers services. The Council is resizing in the short term to meet our current financial challenges and create the foundations for this future way of working.

2. Executive Summary

- 2.1. The Council outlined a plan for how it will operate in the future which we called our 'Getting it Right' Map. The last part of this map required the development of a new 'Target Operating Model'. That was the provisional name for this work, and this report clarifies both the short-term arrangements we are now making and starts to describe how the Council of the future will look and operate.
- 2.2. Our council-wide transformation will give us a new way of organising ourselves and a more efficient way of interacting with our customers. We will focus on early help and prevention, working alongside our partners to make sure our residents are connected to support in their communities to stay healthy and well. We will make use of new

technology and embrace a culture of collaboration, grasping the opportunities that have never been available before now.

- 2.3. Whilst we don't know what the future holds, we can be sure that the role and function of local government is evolving. This report explains how we will stay ahead of the evolution to become the council we need to be for the Shropshire we want.
- 2.4. In the short term the Council has to ensure its financial survival over the most difficult financial period in its history. This is described in more detail in the Financial Strategy 2025/26 - 2029/30 also on this agenda, but here focusses on the re-sizing of the Council to meet the savings proposals as set out in the Medium Term Financial Strategy (MTFS) approved by Council in February 2024.
- 2.5. We've said for some time we would become a smaller organisation, with fewer people as a result of our financial challenge, along with councils all over the country. This is just one of the many ways we will bring our budget into balance as demand for our services continues to grow and costs continue to rise, while our resources are capped.
- 2.6. This report explains that in 2024/25, we need to make £27m savings from re-sizing the council. This could be a reduction of around 540 full time equivalent posts when salary, pension and other on-costs have been considered.
- 2.7. We have already started working to get to this position, with a voluntary redundancy programme, a senior management restructure, deleting funded vacant posts and reviewing our use of agencies for temporary workers.
- 2.8. We are carrying out all the steps, in this order, to reduce the number of compulsory redundancies we will need to make, as more difficult decisions must be taken so we can prioritise essential services for the people who need us most.
- 2.9. Legally, we must stay within a balanced budget and we must be able to afford our statutory duties. We must ensure financial survival now so we can strive for future sustainability as a healthy organisation to continue delivering the aims of The Shropshire Plan.
- 2.10. As we look ahead, this remains our guiding ambition. Recognising that we will be a smaller council, we need to find new ways of working together for a healthy people, economy and environment in Shropshire.
- 2.11. In the longer term, the Council will operate in new and different ways. We are designing a way of working that will be more effective for our customers and more efficient and economical in how we use the resources we have. We have identified principles (Appendix 7) we will work towards that will enable us to deliver the Council's vision, priorities and strategic objectives, and we will create an agile organisation able to adjust to the changing environment, locally, nationally and globally.

2.12. As the Council’s Head of Paid Service, my statutory duty is to advise on the structures, roles and staff numbers necessary to delivery our services effectively and efficiently, within the available financial envelope, both now and in the future.

3. Recommendations

3.1. It is recommended that Cabinet:

- 3.1.1. Notes the work being undertaken to resize the Council
- 3.1.2. Approves and endorses the proposed new ways of working and sustainable plan for the future as set out from paragraph 7.15 onwards.
- 3.1.3. Endorses the principles around which the new model for the Council will be built as set out in Appendix 7

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Risk table

<i>Risk</i>	<i>Mitigation</i>
A strategic Risk for the Council is “Inability to Contain overall committed Expenditure within the Current Available Resources within this Financial Year”	Seven areas, described in more detail within the Financial Strategy 2025/26 – 2029/30 also on this agenda, identify the key controls required to mitigate this risk: Substantial delivery of the savings plan Social Care Demand pressures held within budgeted growth allowance Other Base Budget Pressures held within budget Delivery of necessary Capital Receipts to fund transformation No substantial impact from external factors e.g. CQC, Ofsted No Significant impact from capital projects impacting on revenue including repayment of grants Minimal cash flow impact e.g. only pre-planned borrowing
Failure to optimise organisation efficiency will lead to further pressure on already stretched resources	Short term impact on performance will be assessed to ensure undue pressures are not placed on the workforce. Identification of a comprehensive new model for the future, to which the Council will move over the coming months.
Mis-aligned or contradictory plans for service delivery	The operating model will provide a clear way to navigate delivery of a wide range of services in a co-ordinated way. Where necessary specific Equality, Social Inclusion, and Health Impact Assessments (ESHIA), or an overarching ESHIA, will be completed.

Capacity will be reduced leading to less ability to deliver services	Forward planning and staff communication will be critical in navigating the change to a new way of working
Trade Union Challenge	Regular communication with recognised Trade Unions. Early sight, where possible and appropriate of workforce communication and formal reports. Ensure collective consultation procedures and adherence to employment legislation are followed.
Time	We have a plan to deliver financial survival and then sustainability into future years. The greatest risk to the plan is delivery to sufficient levels within the confines of the financial year, given the limited level of General Fund Balance we hold. A mitigation apparently ruled out by DLUHC is the potential to seek Exceptional Financial Support within year.

5. Financial Implications

- 5.1. There are no direct financial implications arising from the approval of this report that were not already approved as part of the MTFS by Council on 29 February 2024.
- 5.2. Included within the budgets for the 2023/24 and 2024/25 financial years were several savings directly relating to the Council's workforce. Some of these were completed within the 2023/24 financial year in a sustainable manner. Others, such as use of vacancies and turnover rates, provide only in-year solutions and need to be addressed in a different and more permanent way to provide a sustainable solution that would not need to be revisited each year. Taking account across both financial years, this equates, in total, to approximately £27m of savings relating to establishment costs and details of this financial context are set out in paragraphs 7.3 to 7.7 and Appendix 2.
- 5.3. A delegation from Council set out the financial context within which we would engage with our Strategic Delivery Partner PwC in providing capacity and capability to deliver the transformation changes necessary for the Council. Part of this work relates to the resizing of the Council in the short-term and the development of a new operational model. The total savings in scope for this work includes:
- 5.3.1. Resizing of the Council in the short term
 - 5.3.2. Development of a new operational model
 - 5.3.3. Review of Third Party Spending (TPS) and Commissioning models
 - 5.3.4. Development of a new customer journey model for the Council
- 5.4. Together these four areas are expected to deliver recurrent savings set out with the budget of over £30m annually. Investment to deliver these savings is currently estimated at £6.025m, although further investment will be required if the current scope of the customer journey and TPS and commissioning work is extended beyond this calendar year.

6. Climate Change Appraisal

- 6.1. The work of designing and delivering a more economical, efficient and effective Council will need to consider the carbon footprint of the supply chain and employee working practices. This will help drive a reduction in physical (non-recyclable) waste and secure longer term efficiencies.

7. Background

- 7.1. The challenges faced by local government are understood and relate primarily to funding cuts, working with outdated processes, cost of living implications, and unprecedented demand for services. This was reflected in budget planning for 2023/24 and 2024/25 requiring savings plans of £51.4m and £62.5m respectively. While delivery of the savings plans in 2023/24 was exceptional at £41.8m or 81% of the target, implications into 2024/25 still need to be addressed. For example, budget adjustments in 2023/24, made around turnover levels and vacancy rates, were managed over the year but a more permanent solution is needed for 2024/25 and beyond, adding to the in-year challenge. Further details are set out in Appendix 1 and the wider context is set out in the Financial Strategy 2025/26 – 2029/30 also on this agenda.
- 7.2. **Ensuring financial survival:** The Section 151 Officer sets out in separate reports on this agenda seven areas that are essential to delivering financial survival this year, and these are included within the risk section above.
- 7.3. **Short term actions to deliver financial survival in 2024/25:** The Council's senior managers can help deliver financial survival this year by taking actions in the short term that:
- 7.3.1. Will include a resizing of the workforce – reducing, in a short period of time, the size and therefore cost to the Council – and carefully considering implications for the services we provide, commission and procure, and the income we generate.
 - 7.3.2. Will place policy decisions before Cabinet, where necessary, considering statutory minimum, stopping services, pausing delivery and shifts in the current performance and risk threshold.
 - 7.3.3. Will target short term delivery of capital receipts through asset sales and other available options, proactively monitoring cashflow and capitalising costs where affordable.
 - 7.3.4. Will focus resources to deliver only what is necessary this year including the resourcing of the delivery of the above actions, prioritising, in the short-term, the Financial Strategy over longer term aspirations of The Shropshire Plan
- 7.4. **Utilising external support:** Working with our strategic delivery partner, PwC, we can create more stability around our establishment. Using PwC's capacity and capability, their learning from elsewhere, practical experience and successful delivery of transformational work in many other local authorities (including those in similar financial positions) provides greater assurance to the Council around

delivery of permanent sustainable solutions. Last year, for example, we relied on underlying turnover rates and vacancies to deliver savings. Resizing the organisation on a more permanent basis to meet our available financial envelope will create a stable foundation for the future.

- 7.5. **Resizing the organisation:** Combining the need to resize the organisation within the current financial constraints, we will use the following approaches:
- 7.5.1. The over-riding factor is to reduce costs to ensure financial survival by remaining within available budget
 - 7.5.2. Decisions taken will be reflective of the objectives set out in TSP
 - 7.5.3. Resizing decisions will be based upon the functional pools¹ identified in the strategic operating model
 - 7.5.4. Resizing decisions will be risk-based, understanding and accepting the potential implications on service standards and delivery in the short term while the new operating model is developed
 - 7.5.5. Primary focus will be to identify areas of duplication and inefficiency across the Council
 - 7.5.6. Secondary focus will be to identify areas that can be automated to remove mundane tasks and roles
 - 7.5.7. Where additional reductions are required, in relation to service reduction, stopping or pausing, the impact on organisational performance will be assessed.
- 7.6. **Maintaining a tight grip on finances:** A tight financial grip on the organisation is necessary in 2024/25, arrangements surpassing even 2023/24. Lessons learnt from last year have been recognised and best practice has been enhanced where possible. Monthly financial reporting to Cabinet is in place with a Period 1 Report considered by Overview and Scrutiny Cttee and Cabinet in early June 2024. This reporting is based on a detailed savings delivery dashboard updated in real time and covering all savings plans in 2024/25 including those extending from 2023/24, thereby minimising administration and ensuring a single, unequivocal view of the Council's financial position is monitored.
- 7.7. **Foundations for the future:** The financial implications for 2025/26 are already being considered based upon substantial delivery of the budget in 2024/25 and future impacts. The development of a long term strategic operating model is discussed later in this report and long term financial planning in the Financial Strategy 2025/26 – 2029/30 also on this agenda.

Delivering the immediate actions to Resize the Council

- 7.8. Several processes (as set out in Appendix 2) are being undertaken in parallel to front-load cost reduction within the organisation, such as a voluntary redundancy programme, senior manager review, establishment baseline review, agency review, and other structural work to resize the Council in parallel with the creation and then implementation of a new operating model.

¹ 1 Functional Pools are defined in section 7.13

- 7.9. **Voluntary redundancy (VR) programme:** The VR programme was launched on 6th March 2024 and was open to all staff with the stated aim to identify 170 full-time equivalent (FTE) posts to save up to £8.5m. The programme was not anticipated to deliver all the necessary savings in appropriate areas but enabled employees to express early intentions before the new operating model was produced.
- 7.10. **Senior Management Review:** The starting point for a resized organisation, implemented with immediate effect, is a reduction in the senior management structure of the Council including a 20% reduction in the number of assistant directors – from 15 to 12 – with a further reduction planned from 1 April 2025. To mitigate the risks associated with reduced oversight of the savings programme, a revised senior management structure for 1 July to 31 December 2024 has been created and communicated.
- 7.11. **Establishment baseline review:** The review was conducted over April and May 2024 to cleanse the data held within key systems and provide clarity on the establishment, staffing and budget within service areas. The review will help to make informed and permanent decisions on the removal of posts, initially vacant funded posts, within the establishment.
- 7.12. **Agency review:** The review aimed to reduce the usage of agency workers by transferring them onto Council payroll, removing off-contract agencies, ensuring workforce plans and recruitment are developed, and as an alternative, increasing the use of fixed term contracts and apprenticeships. The review is another step to deliver the necessary financial savings.
- 7.13. **Resizing the Council:** The financial imperative means we cannot wait for a new operating model to be finalised to reduce our costs. However, understanding the outline of the model and direction of travel means we can utilise the above measures with confidence, alongside service reviews and where necessary service and staffing reductions to resize the Council in parallel with the development and implementation of a new operating model. Initially a set of functional pools (Customer Management, Service Delivery, Enabling Services and Strategic Services) have been identified (see Appendix 6) providing a more efficient and effective model for delivering TSP outcomes with reduced duplication, increased automation and less reliance on avoidable administrative procedures.
- 7.14. **Scope of the resizing work:** We believe our initial estimates to reduce employee numbers by 300 FTE, as set out in the MTFs, is now the floor rather than the ceiling. On a simplistic level, at an average total cost of £50,000 per employee, delivery of a £27m saving entirely from staffing budgets could equate to a reduction of 540 FTE posts within the establishment. Until we have completed important work on Third Party Spend and the potential for automation and digitisation of processes and the customer journey, we cannot confirm the number representing the ceiling, although our priority remains to remove vacant posts, utilise voluntary redundancy and reduce agency spend wherever possible. Any and all workforce reductions will be undertaken in line with employment legislation and consultation with recognised trade unions at an early stage.

Creating a Sustainable Plan for the Future

7.15. Building on the foundations of the resizing work, the council needs a root and branch reconfiguration of the organisation to focus on a new and more effective way to deliver its strategic objectives. This includes a new strategic operating model, a different way to manage the customer journey based on a digital first approach, and a fundamental rethink of the services provided in house and contracted out. A robust plan for change has been built over the last two years and is being followed, details of which are set out in Appendix 3 including key components set out below.

- 7.15.1. Vision, priorities and objectives: The Council has approved and implemented TSP, which sets out the vision, priorities and strategic objectives for the authority.
- 7.15.2. Leadership development programme: The Council has invested in the Getting Leadership Right (GLR) programme, which has trained over 350 senior managers and introduced the **Getting it Right (GiR) Map** for organisational success.
- 7.15.3. Performance indicators and management: The Council has designed and aligned key performance indicators (KPIs) to TSP and developed a performance management framework (PMF) that is developing transparent and timely reporting and monitoring of outcomes.
- 7.15.4. Organisational design and development: The Council has created a new performance management system (PMS) that links service improvement plans (SIPs) and personal development plans (PDPs) to TSP and provides a clear structure for managing performance and setting the culture for the organisation.
- 7.15.5. Target operating model: The Council is developing a new way of operating that will align the resources, systems, governance and strategies of the organisation to the vision, priorities and objectives of TSP, within the financial envelope of the MTFs.

The Development of the Council's new way of operating

7.16. Whilst the resizing of the council's resources can take place within a limited timeframe, new ways of operating across the Council will not be delivered overnight and requires the development of a new model, details of which are included in Appendix 4.

7.17. **The goal of the new model:** The Council wants to have the right people, training, processes, and systems to operate efficiently and adapt to new opportunities and technologies.

7.18. **The scope of the model:** The new model will examine how the Council's leadership, management, and staffing are defined across all areas and propose changes if needed.

7.19. **Data sources we are using:** The Council has collated internal and benchmarking data, undertaken a staff survey in late 2023, completed a detailed establishment

review in April 2024 and aligned resources across 'functional pools' in June 2024 to identify where time and resource is, and should be, distributed across the Council.

7.20. The challenge and opportunity provided: New ways of operating across the Council represents a huge change and will be delivered over a 12-to-24-month timeframe, resulting in a redesigned and flexible organisation ready for the future. The Council will use the lessons learnt from GLR to help its people navigate this period.

The Principles underpinning our new approach

7.21. The main principles for the design of the new model are predominantly set out in Appendices 5 and 7 and the basis for this is set out below.

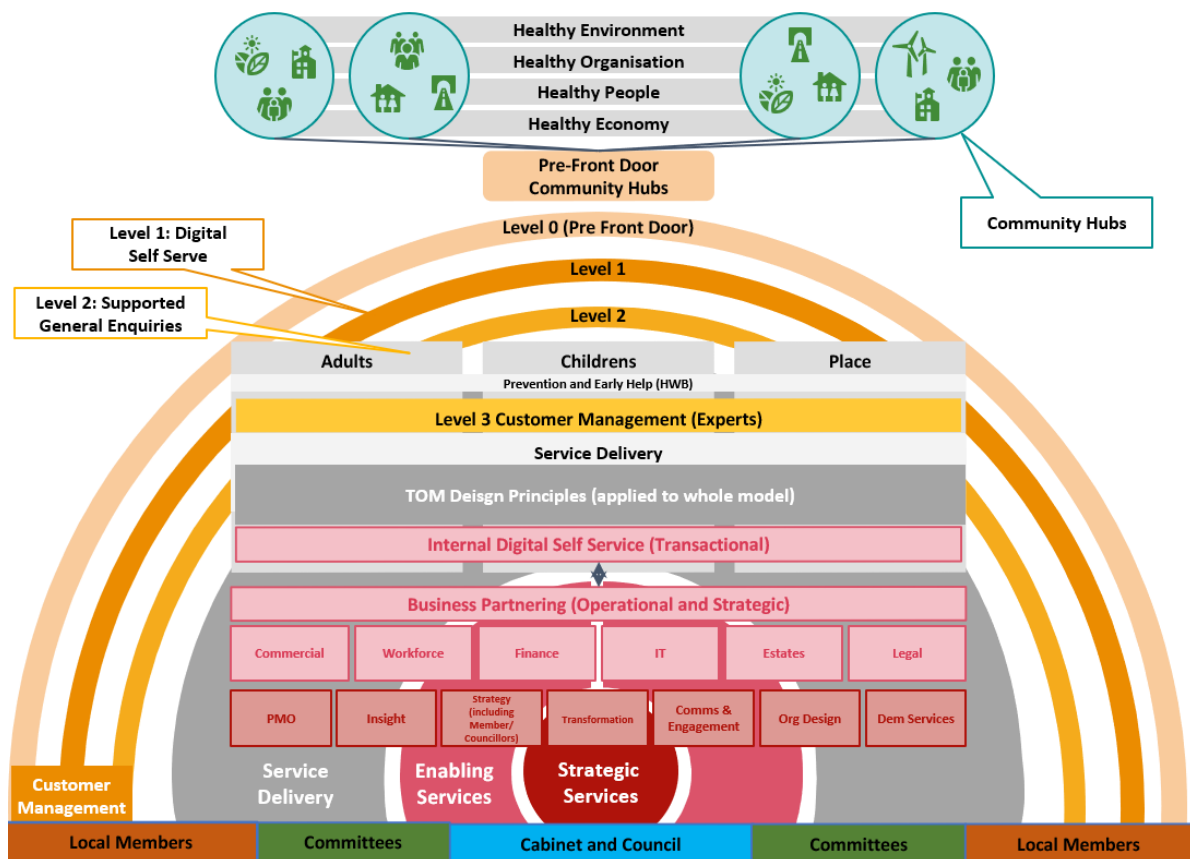
7.22. Summary of the principles: The principles aim to create a more stakeholder-based, self-service, resilient, efficient, effective, and automated organisation, with councillors as the core and prevention and early intervention as the main resource strategy.

7.23. Examples of embedding the principles: Examples of how the principles will be implemented in the operating model design, include removing single points of expertise or failure, incorporating productivity planning and the best value framework, and standardising and automating similar activities. Aims include removing duplication and mundane administrative tasks, improving efficiency and reducing timescales to resolution. The use of Artificial Intelligence is a developing field and Shropshire Council has been at the forefront in adopting this technology within Local Government and forms a key part of our developing strategy.

7.24. Overview of the proposed model: The new model adopts the principles set out in Appendix 7 and builds on data sources to reflect where activity needs to be focused. The new model is expected to improve value for money and accommodate the changing requirements of local councillors.

7.25. Proposed model: The conceptual outline for the ways in which the Council will operate in the future is provided below, with a more detailed description set out in Appendix 6. It is important to note that this model does not represent a proposed structure or programme of work, rather it is a means by which the Council can operate to maximise efficiency and reduce costs. New structures will be developed over the next six months built on a different approach incorporating challenge at a horizontal level across the Council, rather than just the traditional top-down approach.

Figure 1: A model for future operation of the Council



The Implementation Process

- 7.26. Work to progress resizing is already in place. Senior Managers and PwC are working through the implications of a revised model with roles aligned to new ways of working within a smaller council. This work is expected to be concluded by early August, enabling appropriate consultation to be undertaken immediately after.
- 7.27. Following Cabinet approval of the principles around which the new model for the Council will be built, an implementation plan will be designed and, where necessary, further approval at Cabinet or Council level will be sought.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: All

Appendices

- Appendix 1 - Financial Survival
- Appendix 2 - Delivering the immediate actions to Resize the Council
- Appendix 3 - Creating a Sustainable Plan for the Future
- Appendix 4 - The Development of the new Operating Model
- Appendix 5 - The Principles Underpinning the Strategic Operating Model
- Appendix 6 - The Proposed New Strategic Operating Model
- Appendix 7 - Strategic Operating Model Design – Key Principles

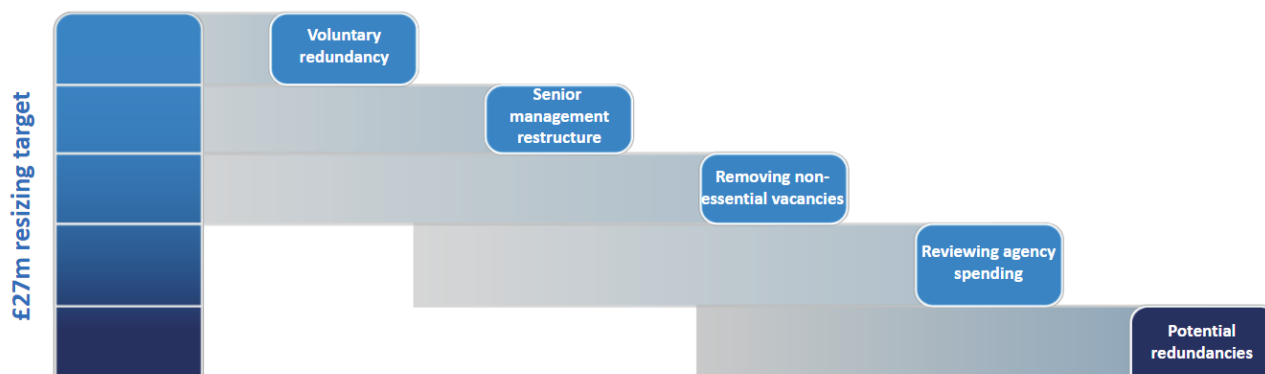
Financial Survival

1. In the last twelve months or so, there has been a stream of stories in the national media about the difficulties faced in local government. Visible signs of the stress in the system are manifest: Public Interest Reports, Section 114 Notices, Government Emergency Financial Support. A combination of forces are driving these outcomes and the need for major change in the way that the Council's employees are led and managed is paramount. Members are aware of the need for significant reductions in our spending; £62.5m savings this year in addition to a £51.4m reduction last year – delivered with a £7.9m overspend leaving a General Fund Balance of £8.2m. The drivers - cumulative Government funding cuts, outdated funding mechanisms, cost of living implications and unprecedented demand for our services, have been met, wherever possible, by prioritising and protecting resources for key frontline services. Removing waste and further improving the efficiency of service delivery, including reducing the size and layers of management, is an essential next step in reshaping the Council's Budget planning.
2. The Council's MTFS 2023/24 approved over twelve months ago in March 2023 set out a plan to deliver £51.4m of spending reductions. This was an unprecedented level of savings for the Council and reflected the reality of the pressures hitting the Council's social care services through two contributory factors: the growing impact and legacy stemming from the recent global pandemic, and the ending of the temporary increase in Council funding that masked these pressures for a period.
3. At that time the forecast for 2024/25 was comparatively stable, with a relatively small funding gap. Over the 2023/24 financial year two key, and contradictory elements drove changes to the outlook for 2024/25. Firstly, the Council delivered much of its savings target in-year, with £41.8m delivered before 31 March 2024 with the full year effect delivered in 2024/25. Secondly, and more significantly, the impacts of inflation, cost of living and demand pressures across Adults and Children's services drove costs up within year and spilled over into 2024/25 projections fundamentally reshaping our plans for the MTFS.
4. On 29 February 2024, Council approved the MTFS which incorporated a budget for 2024/25 requiring £62.5m of spending reductions. Public consultation helped to shape an idea of the relative importance of the services we provide, and the resultant budget included over 100 lines of budget cuts across all areas of the authority.
5. In previous years, such cuts would have been the defining feature of the Council's priorities for the future. This would be, however, a deeply flawed approach; fundamentally the MTFS becoming the defining strategic document for the Council. Instead, we now look to The Shropshire Plan to define our priorities, although accepting the fact that in 2024/25 the focus must move towards the 'Healthy Organisation' priority; to live within our means thus ensuring financial survival to deliver our other priorities.

6. It is clear that delivery of the Strategic Objectives set out in TSP in May 2022 must reflect the financial backdrop we currently see and account for the cuts in services we must deliver. To manage this, we need a root and branch reconfiguration of the organisation to focus on a new and more effective way to deliver our strategic objectives contained within our financial envelope. This includes a new target operating model for the Council, a different way to manage the customer journey, a digital first approach and a review of our spending with third parties. Together, these may not deliver long term sustainability; creative management of the incessant demand on our services; structural reform of the funding mechanisms for local government reflective of the drivers of demand; and continued agility in the leadership of the organisation, are all necessary. They are, however, next steps in a journey that begins with a revised organisational approach: an approach set out in a new, strategic Target Operating Model for the Council.
7. To support us through this journey, we have engaged PwC as our Strategic Delivery Partner since 2023. A delegation from Council as part of the MTFS set out the financial context within which we would engage with PwC in providing capacity and capability to deliver the transformation changes necessary for the Council. Part of this work relates to the resizing of the Council in the short-term and the development of a new operational model. The total savings in scope for this work includes:
 - Resizing of the Council in the short term
 - Development of a new operational model
 - Review of Third Party Spending (TPS) and Commissioning models
 - Development of a new customer journey model for the Council
8. Together these four areas are expected to deliver recurrent savings set out with the budget of over £30m annually. Investment to deliver these savings is currently estimated at £6.025m, although further investment will be required if the current scope of the customer journey and TPS and commissioning work is extended beyond this calendar year. A report to Council will be brought, in September or December, should extended support be justified.
9. Delivering financial survival in 2024/25 will impact on overall and specific service performance in the short term. There will be significant changes to the way the Council works over the medium term. Other reports on this agenda provide a greater insight into the current year's financial performance and changes being made in the short and medium term. The MTFS will reflect these changes, although expectations need to be managed in terms of service delivery over this time. Where necessary, public consultation will be undertaken where, for example, short or medium term decisions require policy change.

Delivering the immediate actions to Resize the Council

1. The necessary resizing of the organisation, considering the financial reality, is following several processes all being undertaken in parallel. These are summarised in the following diagram with further detail below.



2. The steps shown above include:

2.1. Voluntary Redundancy (VR) Programme

- 2.1.1. A VR programme was launched on 6 March with a closing date of 19th April 2024. The programme was open to all staff within the Council (excluding support staff in schools) with the stated ambition of identifying 170 FTE posts to deliver up to £8.5m base budget savings. We have been transparent that it was unlikely that this process alone would deliver the necessary level of savings, in the right areas, to provide a sustainable solution for the Council. Nevertheless, the process enabled employees to express early intentions, ahead of the new operating model being produced and implemented.
- 2.1.2. While the Council provided a closing date of 19 April to the VR process to provide certainty to those staff who wished to apply, it will be beneficial to retain an open VR process over the remainder of this financial year to provide options for employees once greater detail around the operating model is established and communicated.
- 2.1.3. At the time of writing, 90 employees (77 FTE) have had their application for VR approved, with leaving dates over the coming months. A number of those who applied are now being considered as part of a service review process which will inform the new operating model of the council and therefore have had the decision on their application 'deferred' until this work has been completed.
- 2.1.4. The VR process is one step in helping to deliver the necessary financial savings.

- 2.1.5. As we move forward with plans to re-size the organisation we will re-open the VR application process so that employees can put themselves forward for consideration during the remainder of this financial year.

2.2. Senior Management Restructure

- 2.2.1. The MTFS identified the need to reduce and slim down the number of senior managers across the organisation and is the starting point for a resized organisation. Implemented with immediate effect, a reduction in the senior management structure of the Council sees a 20% reduction in the number of assistant directors – from 15 to 12 between July and September 2024, with a further reduction planned from 1 April 2025. To mitigate the risks associated with reduced oversight of the savings programme, a revised senior management structure for 1 July to 31 December 2024 has been created and communicated.

2.3. Removing Non-essential Vacancies

(i) Establishment Baseline Review

- 2.3.1. A detailed exercise, working closely with our strategic delivery partner, to review our establishment baseline has been undertaken over April and May. The exercise had two key functions:

- 2.3.1.1. Data quality: to cleanse the data held within key line of business systems. This means the Council holds a single version of the truth in terms of the employee database – rates of pay, budget, hours, grade, vacancies, incomplete and error fields etc.

- 2.3.1.2. Alignment: Provide absolute clarity within service areas of the establishment, staffing and budget held, aligned to developing workforce plans.

- 2.3.2. The baseline review will enable informed, and permanent, decisions to be taken on the removal of vacant posts within the establishment, ahead of the design of the operating model.

- 2.3.3. The Establishment Baseline Review is a further step in helping to deliver the necessary financial savings.

2.4. Agency Review

- 2.4.1. Over the last twelve months the council has undertaken a detailed review of agency usage. Workforce boards in each Directorate have overseen a process to:

- 2.4.1.1. Reduce agency worker by transferring them onto Council payroll, delivering a saving.

- 2.4.1.2. Remove usage of 'off contract' agencies instead using the Council's contracted provider, Matrix. Utilising the Council's negotiated rates and receiving a rebate based on usage of Matrix, delivers a saving.

2.4.1.3. Reduce usage of agency workers per se, ensuring that workforce plans are in place and utilised to enable programmed recruitment where necessary delivering savings.

2.4.1.4. Increase the use of fixed term contracts in preference to agency.

2.4.1.5. Increase the use of apprenticeships to improve workforce planning and grow our own rather than recruit at higher more expensive levels.

2.4.2. The agency review is a crucial step in enabling vacancies to be removed to deliver the necessary financial savings.

2.4.3. From the end of October 2024 we will be moving to a new agency framework provider, West Midlands Temps / Opus People Solutions. This new arrangement will enable us to further reduce agency spend and work with other local authorities across the region on workforce planning.

2.5. Service Restructures

2.5.1. The MTFS has already identified service restructures that can be undertaken in discrete areas without wider organisational implications. The VR programme will enable the delivery of some restructures through careful consideration of applications.

2.6. Creation and Implementation of a new strategic operating model

2.6.1. The only sustainable approach to delivering a resized organisation is a root and branch review of what our people are spending their time on and aligning this directly to the outcomes set out in TSP.

2.6.2. The approaches outlined above all help to lever costs out of the organisation in ways that helps manage the risks associated with changes to our workforce. They do not, in themselves, provide a sustainable solution but are, instead, steps towards a higher strategy.

2.6.3. In parallel to the above steps work is ongoing to redesign the authority around a new operating model. At a high level, this approach is informed by the Time to Change survey, identifying where inefficient and ineffective work practices can be streamlined, rationalised and automated. This redesign will:

2.6.3.1. Enable VR decisions to be taken in the knowledge that this will not create single points of failure or unsustainable delivery compromising staff welfare.

2.6.3.2. Remove vacant posts only where appropriate and providing clarity on how and where posts need to be redesigned and incorporated within new structures.

2.6.3.3. Remove the need for agency staffing except in exceptional and designed-in cases.

2.6.3.4. Provide opportunities to retrain and change roles, within an aligned and modernised organisation on a sustainable financial footing.

2.6.4. The detail behind the operating model, including service and staffing structures, will be drawn up following Cabinet approval of the principles upon which the operating model will be designed. An implementation plan will be designed and, where necessary, further approval at Cabinet or Council level will be sought.

2.6.5. The financial imperative means we cannot wait for the operating model to be finalised to reduce our costs. Understanding the outline of the operating model and direction of travel means we can utilise the above measures with confidence, alongside service reviews and where necessary service and staffing reductions. to resize the Council as the operating model is implemented.

2.7. Delivering the Financial Reality

2.7.1. We believe our initial estimates to reduce employee numbers by 300 FTE, as set out in the MTFS, is now the floor rather than the ceiling. On a simplistic level, at an average total cost of £50,000 per employee, delivery of a £27m saving entirely from staffing budgets could equate to a reduction of 540 FTE posts within the establishment. Until we have completed important work on Third Party Spend and the potential for automation and digitisation of processes and the customer journey, we cannot confirm the number representing the ceiling, although our priority remains to remove vacant posts, utilise voluntary redundancy and reduce agency spend wherever possible. Any and all workforce reductions will be undertaken in line with employment legislation and consultation with recognised trade unions at an early stage.

2.7.2. The resizing work has been designed to deliver a saving of £27m; a combination of savings approved in the 2023/24 and 2024/25 MTFS. A summary of the key MTFS savings that are encompassed by this work totals £28.3m (see Table 1 below) - some savings lines will be delivered through a combination of establishment and other savings.

Table 1: MTFS Savings 2023/24 and 2024/25 encompassed within resizing work.

EFF03 - Removal of budgets for vacant posts (avg. 3%)	£61,420
EFF09 - Removal of budgets for vacant posts (avg. 3%)	£1,247,980
EFF78 - Review of customer contact teams across the Council - Channel shifting to promote more streamlined and cost-efficient responses.	£1,112,000
EFF101 - Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	£3,514,980
EFF103 - Target Operating Model - Transformation partner delivers 4 x end-to-end process reviews yielding £0.5m per project.	£2,000,000
EFF45 - Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	£2,019,310
EFF49 - Removal of budgets for vacant posts (avg. 3%)	£895,870
EFF80 - Removal of budgets for vacant posts (avg. 3%)	£717,730

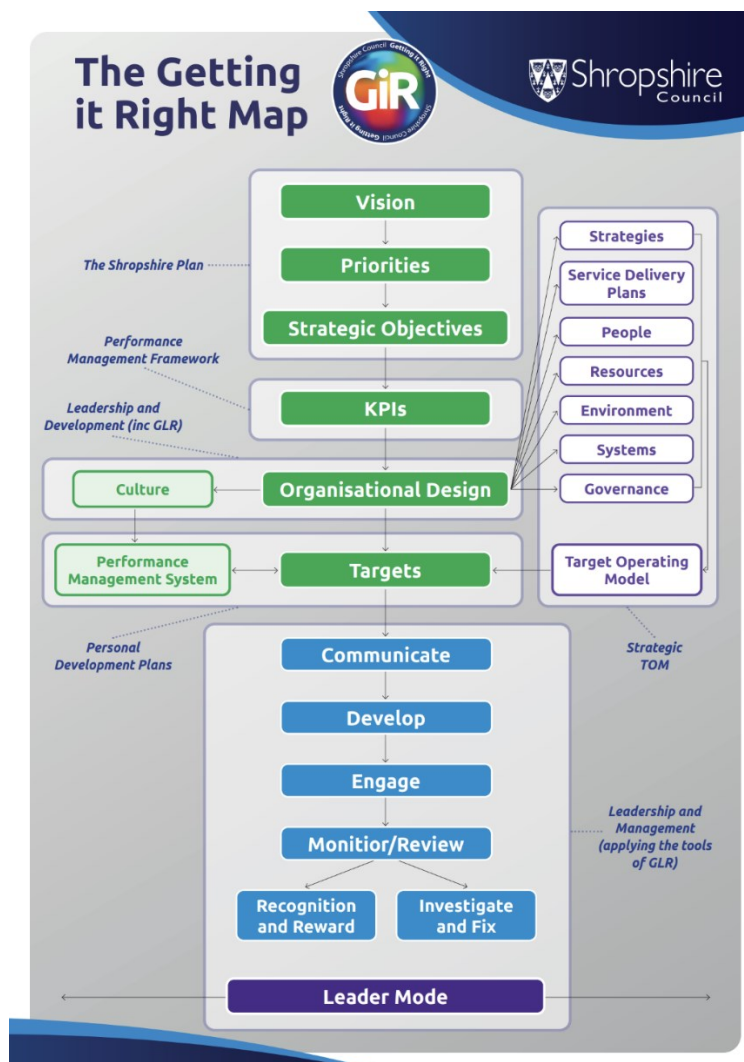
EFF81 - New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	£645,222
EFF82 - Legal and Governance restructure to include deletion of some vacant posts and the movement of others into transformation	£67,000
EFF83 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Legal and Democratic).	£57,330
EFF84 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	£20,740
RC001 - Redesign the delivery of the statutory service including managing demand.	£105,000
RC002 - Redesign the delivery of the statutory regulatory (ecology) services including managing demand.	£58,600
RC003 - Further increase allocation of the public health grant to support preventative initiatives at the children's, adults and customer front-door.	£90,000
RC004 - Capitalisation of reserves as one off for staff and projects relating to transformation work to further increase funding of public health reserves to support preventative initiatives. This is for 2024/25, in addition to 1,000,000 in 23/24.	£1,000,000
RC007 - Review of our in house day service provision.	£105,000
RC011 - Review and resize business support functions	£375,000
RC014 - Review & resize senior staffing structure in Children's Services against projected activity levels	£87,000
RC017 - Review & resize Supported Board and Lodgings (17 & 18 year olds) to ensure full capacity	£30,000
RC025 - Review and resize the Housing Services team	£60,000
RC029 - Review staffing and resize the Rights of Way team	£19,395
RC030 - Review staffing and resize the Outdoor Partnerships team	£41,250
RC035 - Review staffing and resize the Culture Leisure and Tourism management team	£350,000
RC036 - Service efficiencies from Registrars service digitisation	£50,000
RC038 - Review staffing and resize the Business and Consumer Protection Team	£35,000
RC043 - Review and resize staffing in Property and Development Services	£550,000
RC044 - Review and resize the Climate Change team	£200,000
RC045 - Review and re-size staffing in Strategic Transport	£70,000
RC046 - Review staffing and secure workforce reductions in tree work, conservation, and historic environment teams.	£175,000
RC047 - Review and re-size staffing in Planning Policy team	£160,000
RC048 - Review and re-size staffing in Planning team.	£230,000
RC049 - Review and re-size staffing in Highways Development team	£100,000
RC050 - Review and re-sizing staffing in Planning Enforcement	£35,000
RC051 - Review and re-sizing staffing in Broadband team.	£30,000
RC052 - Capitalise post in Strategic Infrastructure.	£37,000
RC053 - Capitalise part of posts in Economic Growth.	£50,000
RC054 - Review and re-size staffing in the economic development team, including options to capitalise posts.	£77,000
RC062 - Review and resize through highways restructure	£600,000
SC008 - Review staffing and resize the Empty Homes service	£44,650

RC064 - Review and re-size staffing HR/OD Team (1)	£100,000
RC065 - Review and re-size staffing HR/OD Team (2)	£100,000
RC066 - Review and re-size staffing in the Improvement Team	£75,000
RC068 - Review and re-size staffing in the Overview and Scrutiny Function	£100,000
RC072 - Review and resize staffing in ICT (includes systems maintenance and development (hardware and software), user support and helpdesk, and corporate network security).	£1,000,000
RC073 - Review and resize staffing in Revenues and Benefits (council tax and business rates collection and council tax support and housing benefits payments)	£500,000
RC080 - Review and re-size overall council staffing beyond those listed elsewhere.	£8,500,000
RC081 - Senior Management review	£710,000
RC082 - Review and re-size staffing in executive support across the council.	£50,000
Total	£28,259,477

Creating a Sustainable Plan for the Future

1. Across the Council, over 350 of our most senior managers have graduated with a 'license to lead' from the most innovative and all-encompassing leadership development programme the Council has ever undertaken; 'Getting Leadership Right' (GLR). This investment in the lifeblood of any organisation was an essential step in the Council's approach, providing the tools and setting the expectations for organisational redesign. The need for organisational development does not end here and additional support to the organisation is built into our existing plans for 2024/25.
2. As part of the GLR programme, colleagues were introduced to the 'Getting it Right' (GiR) Map, setting out the key components for a successful organisation (see Figure 2 below). From May 2022 and the approval of TSP, each of these components has been carefully considered and put in place. The final piece of the jigsaw, ahead of any refresh of the map, is the Strategic operating model – the model demonstrating how we will deliver the Council's vision and priorities in the most effective and efficient way we can, within the financial envelope we have.

Figure 2: Getting it Right Map used in the Getting Leadership Right Programme



3. A brief overview of the GiR map is as follows:

- 3.1. The first three lines of the map, Vision, Priorities and Strategic Objectives for the authority were approved and described in detail in TSP [The Shropshire Plan 2022 to 2025](#) Members and employees alike will be aware of the plan and the extensive programme to embed the principles of TSP across every facet of the organisation.
- 3.2. The next step, Key Performance Indicators (KPIs), has been designed and aligned to TSP and forms a key component of the Councils Performance Management Framework [Link to PMF Dashboard]. Access to the Council’s KPIs is available on the website (see figure 3 below) and not restricted to quarterly reporting to Cabinet or Overview and Scrutiny. KPIs give a clear view as to whether the Council is achieving the outcomes set out in TSP.

Figure 3: TSP Reporting Hub



- 3.3. The Council’s organisational design is not something that can be defined through structures and processes but sets the tone for how the organisation will operate and helps define and embed the culture. Significant investment has been made in the Council’s Getting Leadership Right development programme. The GiR Map was a cornerstone for this investment in our people, ensuring there was clarity on the purpose of the programme, an understanding of the roadmap we are following and providing the tools to enable everyone to navigate the transformation programme ahead.
- 3.4. Once the expectations of our leaders and managers were set, a structure was needed to align the wider authority to this. To provide this structure, a new approach to staff appraisals was developed under a modernised Performance Management System (PMS). As part of the Organisational Design, all parts of the Council must have clear Service Improvement Plans (SIPs) in place and flowing from these, all employees from the top to the bottom of the organisation are able to create

Personal Development Plans (PDPs). Alignment of the PDPs to SIPS, and in turn SIPS to TSP creates the golden thread through the organisation. Each PDP identifies development proposals aligned to the Council's four healthy priorities and sets targets for the individual to deliver over the coming twelve months.

- 3.5. The GiR Map also includes the concept of a Target Operating Model (TOM), built around fundamental components including strategies, people and governance. The Council's existing TOM has developed piecemeal since the last major transformational change – becoming a unitary authority in 2009. It is now time to revisit that TOM – reconsider our systems and governance, align our resources and people, work within the known environment and create a new suite of strategies and Service Delivery (or Improvement) Plans to meet the outcomes of TSP within the financial envelope defined within the MTFs. The development of the operating model is set out within the next section of this report.
- 3.6. The final stage of the GiR Map (the lower blue boxes) applies to all employees who have a leadership role and embodies the principles and tools identified in the GLR programme and cascaded through the authority.
- 3.7. The development of the target operating model is the final piece of the jigsaw to be completed ahead of the next refresh of the GiR Map. The operating model itself can never be a finalised or standalone piece of work – it must evolve alongside its component pieces as our systems, environment and strategies move and develop.

The Development of the new Operating Model

1. The intended outcome of the operating model is that the Council has the right people, with the right training, supported by efficient processes and streamlined systems (including, but not limited to, the ICT infrastructure).
2. A recent example of a development for incorporation into a new operating model is the release and adoption by the Council of Microsoft's 'Co-pilot', an AI functionality based on 'large language models' akin to Chat GPT. Shropshire Council was one of only 3 Councils in the first cohort of large organisations adopting this technology and we are seeking ways to apply it to our work and ultimately embed it within revised end to end processes.
3. The operating model will therefore consider how leadership, management, and staffing is defined across all areas of the Council and, where necessary, propose changes.
4. In late 2023 the Council, alongside our Strategic Delivery Partner, undertook a council-wide, detailed survey (called Time to Change) identifying where council employees spent their time. This helped identify where staff time was being diverted into duplicated tasks around customer management or undertaking administrative tasks that otherwise go unrecognised. While this information has its limitations – produced at a point in time and representative of an individuals' perception – nevertheless, when aggregated and reviewed, it gives a clear indication of where there is the potential to streamline our processes at an organisational level. Redesigning individual services or processes within service areas, within a diminishing budget, will, almost by definition, lead to service reduction. Organisational change, redefining and accumulating functions, stripping out inefficient and duplicated processes and aligning everything to TSP has the ability to modernise and improve the Council in ways which would otherwise be impossible.
5. The development and implementation of the operating model is, however, a huge undertaking that will result in a redesigned and resized organisation. The lessons learnt from GLR are essential in helping our people navigate what will be a difficult period.

The Principles Underpinning the Strategic Operating Model

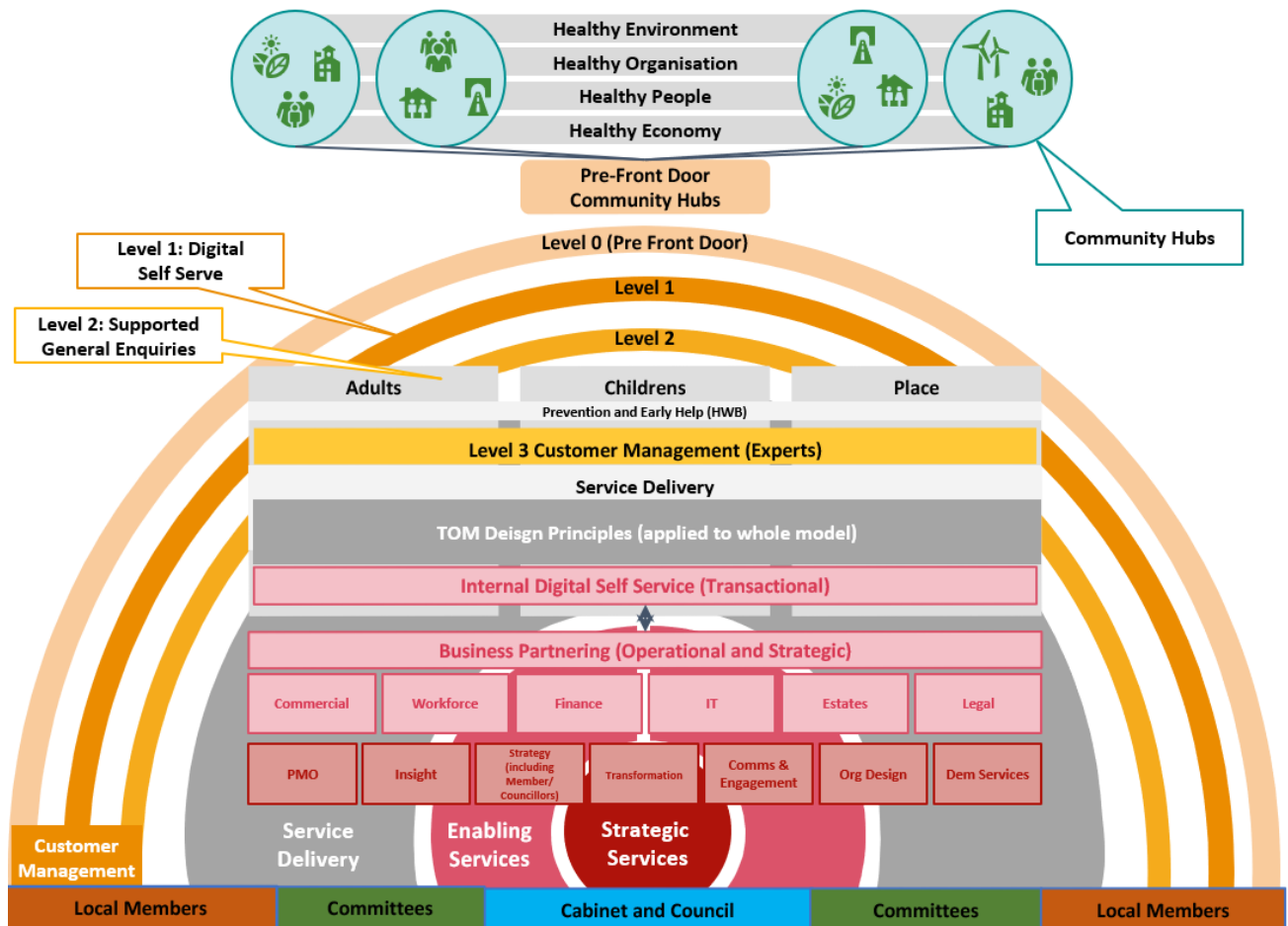
1. The suggested new way of working is based on 11 main principles to support the new operating model. These are explained in Appendix 7 attached. Together, they depict a very different kind of organisation and work style than our current one. To achieve them, we will need a significant change in both our organisational culture and mindset, and in how we decide to organise ourselves and perform the various functions we do.
2. The principles can be summarised in the following bullet points linked to themes that underpin the operating model and will update the existing references in the GiR Map:

Theme	Bullet Point Principle	Link to GiR Map
Strategy and Organisation	Built around TSP	Strategies
	Councillors are the core	Strategies
	Stakeholder-based Decision Making	Strategies
Our Customers	Enhanced self-service	Environment
	Expert support	Resources
Our People	Resilient workforce	People
	Effective leadership	People
Service Improvement Planning	Manage demand	Service Delivery Plans
Our Resources	Prevention and early intervention	Resources
Technology and Systems	Effective automation	Systems
Governance and Process	Sectoral Best Practice	Governance

3. Some examples of how these principles will be embedded within the operating model design and improve value for money include:
 - 3.1. Councillors at the Core – by designing Member needs and accessibility into the operating model, the changing requirements of local councillors can be accommodated to increase effectiveness.
 - 3.2. Resilient workforce – an aim of the operating model will be to remove existing single points of failure (or expertise). So, rather than duplicating a specialism to build resilience, instead processes can be enhanced to spread decision-making into smaller more manageable blocks removing bottle-necks and thereby improving efficiency.
 - 3.3. Sectoral Best Practice – by incorporating the Productivity Planning process recently implemented by central government and undertaking self-assessment against the best value framework, the operating model can be designed as an exemplar in strong governance thereby maximising effectiveness.
 - 3.4. Effective automation – bringing together similar activities currently carried out in different ways across the Council, there is the opportunity for standardisation followed by automation, thereby creating economies.

The Proposed New Strategic Operating Model

1. Adopting the principles, outlined in Appendix 5 and Appendix 7, and building on the baseline information the Council holds, an overarching model for the operating model can be built.



2. The operating model is designed around a series of functional layers as described below:

Customer Management

3. Customer Management enables Shropshire Council’s residents to access the support they require in an effective way which suits them and their needs. Community Hubs will support proactive and preventative engagement with residents and communities supporting individuals to Live and Age well.

Service Delivery

4. Service Delivery capability across all parts of the organisation ensures that Shropshire Council discharges its statutory duties to residents effectively and efficiently, supporting individuals and communities across Shropshire.

Enabling Services

5. Enabling Services are the essential capabilities, operating to ensure that the right people, tools and capabilities are available across the organisation to enable services to operate efficiently and effectively

Strategic Services

6. Strategic Services will enable a whole-council approach to strategy, communications and engagement with the community to drive transformation and continuous improvement. Cabinet and Council are at the centre of the organisation responsible for strategy setting with Chief Officers.

Strategic Operating Model Design – Key Principles

	Bullet	Key Principle	TSP Link – Priority or Strategic Objective
1	Built around TSP	The Target Operating model will be designed to evolve around The Shropshire Plan - the focus for everything we do, setting our priorities, strategic objectives and the basis for measuring our performance.	<ul style="list-style-type: none"> All Healthy Priorities
2	Councillors at the core	At the centre of the Member-led Council, a strategic core will ensure operational polices are set by the Leader and necessary Executive Members advised by a small number of senior officers. The model will enable an effective interface with local constituencies through appropriate support to all Members, working alongside reinvigorated enabling and frontline services.	<ul style="list-style-type: none"> Strong Councillors
3	Stakeholder based decision-making	The people, businesses and communities of Shropshire are central to all we aim to achieve, and we will use insight and evidence from these stakeholders to inform our decision making.	<ul style="list-style-type: none"> Communicate well Partnerships Skills and Employment Safe, strong and vibrant destination Housing Climate change strategy Safe communities Natural environment
4	Enhanced self-service	Through redesigned touchpoints, our customers will be empowered to access the interventions they need through new delivery models, enhanced self-service, improved digital access and closer working with partner and voluntary organisations.	<ul style="list-style-type: none"> Communicate well
5	Expert support	Wherever possible and appropriate, we will use technology to deliver efficient and effective interventions, removing the need for bureaucratic human involvement. But where needed, customers will speak directly to experts who can resolve their issues at first point of contact.	<ul style="list-style-type: none"> Tackle inequalities Communicate well
6	Resilient workforce	Our operating model is built around healthy and creative employees, with strong workforce development principles creating robust workforce / succession plans and removing single points of expertise or failure.	<ul style="list-style-type: none"> Absorb, adapt, anticipate. Best workforce

7	Effective Leadership	Management across the Council will drive collaborative working and sustainability and will be no more than necessary to ensure efficient and effective decision making and delivery of timely interventions.	<ul style="list-style-type: none"> Align our resources
8	Manage demand	The new model of working is designed around demand management principles and an agreed attitude to risk, to create simplicity and transparency and the shortest possible route to deliver intended outcomes.	<ul style="list-style-type: none"> Self-responsibility Align our resources
9	Prevention and Early intervention	We will align the resources of the organisation to ensure that interventions are provided to people, businesses, and communities at the earliest opportunity to reduce demand and improve outcomes.	<ul style="list-style-type: none"> Early Intervention
10	Effective automation	We will bring closely related transactional activities and functions together to maximise efficiency and effectiveness, delivering continuous improvement through review and automation as technology develops.	<ul style="list-style-type: none"> Align our resources
11	Sectoral Best Practice	As an organisation we will adopt the principles of best practice and good governance from across the sector, including designing in Best Value themes, GLR and Nolan Principles. By building in flexibility, the model is agile enough to respond to changing demands.	<ul style="list-style-type: none"> Healthy Organisation