

Committee and Date

Council 27th February 2025

Item

Public









Shropshire Council Strategic Operating Model

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|-----------|-------------------------------|----------------------------|--------------|--|
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| Cabinet l | Member (Portfolio Holder): | Cllr Lezley Picton, Leader | | |

1. Synopsis

This report sets out the proposed new operating model and revised structure for the Council, starting with the senior management review. The model, supported by the proposed structure, will deliver the requirements and associated benefits of a more efficient (reduced cost) and more effective (improved delivery of duties and services) Council, agile enough to respond to the future national and local requirements for local government, delivering significant financial savings as required within a reduced financial envelope outlined in the MTFS.

2. Executive Summary

- 2.1. This report sets out proposals for the new Council structure as a first stage of the wider right sizing of the organisation. This report builds on the paper approved and endorsed by Cabinet on 17th July 2024. The timescales are unapologetically ambitious given the financial imperative and wider context. The proposed changes will bring significant benefits to the organisation.
- 2.2. The paper on the 17th July presented a sustainable model for how the Council of the future will look, recognising the Council would need to operate in new and different ways to be an agile organisation, able to adjust to the changing environment, locally, nationally and globally, staying ahead of the evolution of Local Government, while being the Council we need to be for our residents, the Shropshire we want. The paper outlined the new model and the principles around which the new model for the Council were built (appendix 1)

- 2.3. This paper shows a further iteration of that model, to demonstrate how the Council will operate and be structured in a different way to deliver the new model which allows the Council to be more effective for our customers (residents and stakeholders) and more efficient and economical in how we use the resources we have. The new model sets out the key principles by which we will operate, and roles we need, to deliver the functions that we are responsible for as a Council both now and in the future, so that we can deliver for our customers.
- 2.4. The first phase of becoming the council we need to be and the rightsizing of the organisation, where our proposed new operating model determines how we organise the functions and roles we need in the future, is the restructure of our senior management team. The team are leading the way in rightsizing, ensuring our leadership reflects the smaller council we are becoming and shapes our new operating model. This will touch all services in the council.
- 2.5. As the Council's Head of Paid Service, the Chief Executive has a statutory duty to advise on and deliver the structures, roles and staff numbers necessary to deliver our services effectively and efficiently, within the available financial envelope, both now and in the future. To be agile enough to deliver an organisation that can respond to the requirements of both a new Government and new administration of whatever political make-up, continuing to delivery our statutory duties and serving our residents effectively and efficiently, within the available resources.
- 2.6. This report shows delivery of the MTFS savings, reducing the number of senior officers between grades C1 to C4 from 20 on 1st April 2024 to 12.5 on the 1st April 2025, as shown below in table 1. These show a total cost in April 2024 of £ 3.1 million compared to £2 million in April 2025, although it is important to note that both currently and in the future some posts receive external funding.

Table 1: Senior management restructure, number and grade reduction including total costs April 24 compared to April 25, Savings in line with MTFS re-sizing saving, including externally funded posts

| | April 24 | | | April 25 | | |
|--------------------|----------|-----------------|----------------------------|----------|--------------|-------------------------------|
| Job Title | Grade | No. Of Posts | Total Costs (inc on costs) | Grade | No. Of Posts | Total Costs (inc on costs) |
| Chief Executive | C1 | 1 | £224,431 | C1 | 1 | £224,431 |
| Executive Director | C2 | 4 | £779,402 | C2 | 2.5 | £487,126 |
| Director | C3 | 0 | £0 | C3 | 1 | £157,903 |
| Assistant Director | C4 | 15 | £2,146,802 | C4 | 8 | £1,144,961 |
| Total Cost | | 20 | £3,150,635 | | 12.5 | £2,014,422 |
| Saving | | | | | | £1,136,213 |

3. Recommendations

It is recommended that Council:

Notes the continued work being undertaken to resize and rightsize the Council to ensure delivery of the proposed new operating model, delivering a sustainable and agile organisation of the future and

- Approves the proposed updated new operating model
- In accordance with Article 12.2 (a) of Part 2 of the Constitution, receives this
 report of the Head of Paid Service outlining the proposed new staffing structure of
 the Council, including the number and grades of posts in the senior management
 team that will enable delivery of the new operating model which is designed to
 effectively discharge the functions that the Council is responsible for.

Report

4. Risk Assessment and Opportunities Appraisal

4.1 Risk table

| Risk | Mitigation |
|--|--|
| 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. |
| 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. The comprehensive new model outlined in the paper, and associated structure to implement the model for the future will ensure a sustainable organisation for the future. |
| 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 coordinated 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 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 years, given the limited level of General Fund Balance we hold. |

5. Financial Implications

- 5.1 There are no direct financial implications arising from the approval of this report as they are contained within the MTFS at this same meeting, which reflects delivery of £1.1m savings as outlined within Table 1.
- 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 and 2024/25 financial years 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

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 driving the need to change locally; these include funding cuts, working with outdated processes, emerging policy changes and unprecedented demand for services. This was reflected in budget planning between 2023/24 and 2025/26 requiring comprehensive savings plans including the need to resize and then rightsize the organisation, creating a Sustainable Plan for the Future to deliver priority statutory services moving forward.
- 7.2 Building on the foundations of the resizing work, the council needed a root and branch reconfiguration of the organisation to focus on a new and more effective way to deliver its strategic objectives. This included 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.
- 7.3 A robust plan for change has been built over the last two years and continues to be followed. Details can be found within the relevant Cabinet papers but key components include:
 - Vision, priorities and objectives: The Council has approved and implemented the Shropshire Plan ("TSP"), which sets out the vision, priorities and strategic objectives for the authority.
 - Leadership development programme: The Council has invested in the Getting Leadership Right (GLR) programme.
 - Performance indicators and management: The Council has designed and aligned key performance indicators (KPIs) to TSP and transparent and timely reporting and monitoring of outcomes.
 - New operating model: The Council has developed a proposed 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.
- Delivery of the resizing programme to deliver short term reductions
- The principles underpinning our new approach: These describe a very different organisation and style of working, the delivery of the principles requires a change in both the structure and culture of the organisation

8. The Proposed New Operating Model: The Council We Need to Be

- 8.1 The proposed new model is the result of ambitious planning for the future, radically rethinking the functions we need to become the council we need to be.
- 8.2 Shropshire Council, led by dedicated Councillors, exists to provide a range of vital services and plays a crucial role in supporting the people, communities, and businesses of Shropshire. We provide well known functions such as social care, schools, housing and planning and waste collection, but also lesser-known ones such as licensing, registrar services and food standards. Councillors and officers work closely with residents and partners, including businesses and other organisations, to identify and address community priorities. These priorities are outlined in the Shropshire Plan which in turn is delivered through an operating model. In Shropshire, the proposed new operating model describes how the Council of the future will look and operate, beyond the immediate priority of financial survivability. A core part of implementation of this conceptual model is the organisational design to facilitate the model's delivery.
- 8.3 Our council-wide transformation will enable 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.
- 8.4 Whilst we cannot know what the future holds, we can be sure that the role and function of local government is evolving. This model explains how we will stay at the forefront to become the council we need to be for the Shropshire everyone wants.
- 8.5 We've said for some time we would become a smaller organisation, with fewer people and a more focused approach. This will enable us to meet our financial challenge initially and will provide a blueprint for a more agile organisation, able to respond to the changing needs of our localities and national priorities. We want to bring an end to the annual cycle of focusing on financial survival and bring about financial sustainability, able to set our plans and operate in a more ambitious way, from a smaller and robust base.
- 8.6 Getting the future right for our council has many component parts and presents exciting opportunities for us as a council. The transformation programme we are delivering has been underpinned by the proposed new Operating Model, the rationale and business case of which have been well-documented and communicated over past months. Cabinet endorsed the Target Operating Model in July 2024 (appendix 2).

- 8.7 Following a review this model has been updated to move from a conceptual to practical model, the final proposed Operating Model is outlined in appendix 3, and in practice will be implemented based on the following:
 - 8.7.1 At the centre of the Strategic Core is the Leader and the Chief Executive.
 - 8.7.2 The Leader has a Cabinet with Portfolio Holders to represent key policy areas.
 - 8.7.3 The Chief Executive leads a team of senior officers including Executive Directors, Directors and Assistant Director level posts, to meet statutory responsibilities and drive strategic decision making, working together as one Leadership Board.
 - 8.7.4 Together, Members and Directors will set the direction for the Council, create and refresh The Shropshire Plan and oversee all policy making. The Leadership Board will receive 'inputs' from a variety of diverse sources to ensure robust decision-making. This will include customer intelligence, performance metrics, insight, and Member-led information from our communities.
 - 8.7.5 The Commissioning Function translates strategy (and policies) into 'statements of works' enabling clear expectations of what the Council will and will not do, set within agreed strategy and policy decisions.
 - 8.7.6 The Statement of Works will enable services to be commissioned (internally or externally) based on an assessment of best value for the Council. This process will be adopted for all service delivery, within and without the Council.
 - 8.7.7 Robust management of service delivery will be affected through simple and straight forward contract documentation. For enabling services this will be delivered through SLAs with clearly defined expectations from both parties.
 - 8.7.8 Regardless of whether service delivery is internal or external to the organisation, all outputs and outcomes will be measured, monitored and managed to ensure alignment to the policy and strategic direction set by Council, enacted by Leadership Board.
 - 8.7.9 Information, intelligence and insight will be available to all parts of the Council to demonstrate alignment and enable transparent performance management at all levels
 - 8.7.10 The Commissioning Function will follow a category management approach to drive high performance through internal and external delivery.
 - 8.7.11 Where clear commissioning, contract and performance management functions can be separately defined, these will form part of the Commissioning Function. A matrix approach will be adopted where it is impractical to separate commissioning from service delivery, to ensure alignment and alignment of commissioning approaches.
 - 8.7.12The new model will not be restricted by previously defined hierarchies. Instead, Members and Officers will coalesce around themes and statutory responsibilities to aid decision making in a robust and agile way, with customers (resident and business) focused at its core.
 - 8.7.13 All of this together will lead to stronger matrix working across the whole organisation reducing and removing internal silos
- 8.8 Under the direction of the Head of Paid Service, this redesign will deliver the following benefits:

- 8.8.1 Members at the Core, creating capacity through a consistent investment of time for execs and members to work hand in hand on essential strategic planning to drive outcomes
- 8.8.2 Through the new Strategic Core function, driven by evidence and insight, the engagement of a wider population with more diverse input and expertise, to improve strategic planning and the commissioning of priorities.
- 8.8.3 Clear, rationalised and 'commissioned' priorities that the whole organisation is aligned to support and deliver, meeting needs differently and as appropriate.
- 8.8.4 Ensure the organisation is fit for future; agile to respond to internal and external changes. Configured to enact national and local policy changes and the wider system
- 8.8.5 Deliver senior management savings target through "one" leaner leadership team, with shared responsibility for working collaboratively to deliver agreed outcomes.
- 8.8.6 Ensuring our customers (residents, businesses or communities), are at the heart of everything we do, and their satisfaction drives our decision making.
- 8.8.7 Strengthen statutory roles/services and professional accountability without unnecessary bureaucracy
- 8.8.8 Delivery of transparent, rationalised 'commissioned' (internal or external) outcomes that the whole organisation is aligned to support and deliver the organisational strategy.
- 8.8.9 Absolute focus on high risk areas and statutory duties in line with the operating model
- 8.8.10 Ensure resilience in staffing; removing single points of failure
- 8.8.11 Transition arrangements will be put in place to create stability
- 8.8.12 Moving away from traditional directorates and silo working to deliver a shared ambition
- 8.8.13 Management layers will be more flexible and kept to a minimum, balancing responsiveness with appropriate control and clear accountabilities. Staff will work in a matrix way across the organisation.
- 8.8.14 The creation of a smaller, agile, responsive and resilient organisation that will more easily adapt to the changing needs and priorities of the council and the wider system we operate within.
- 8.8.15 An increased focus on, and transparency of, performance and contract management.
- 8.8.16 A new, more efficient operating model that will enable us to deliver a revised Shropshire Plan in the most efficient and effective way.
- 8.8.17 A way to deliver the essential cultural change we need to ensure a sustainable future, both within the organisation and in the way we engage with our partners, our customers and stakeholders.
- 8.8.18 A much-improved work-life experience for our workforce as we redefine and rationalise our core purpose, streamline services, organise ourselves more efficiently and target resources and support where it will have the most impact.
- 8.8.19 Our services and resources are targeted at meeting the local needs of our diverse communities.

8.8.20 Simplicity and transparency will dictate organisation design, with closely related activities and functions being grouped together or integrated with one another whenever and however necessary.

9. The Proposed New Structure: The Council We Need to Be

- 9.1 The design of the new organisational structure has been based on bringing this model, and the realisation of all of its associated benefits, to life in practice. We made a first step towards this with the implementation of an <u>interim structure</u> to operate between July 2024 and February 2025. The time is right, however, to make the bold move towards implementing a more aligned and permanent structure that will help enable the Council to achieve our transformation goals.
- 9.2 It is intended to start the implementation of this redesign from the top, by a restructure of the current Senior Leadership Team (Executive and Assistant Directors). This organisation-wide redesign will be the catalyst for bringing to life the proposed new operating model in practice and creating the organisation we need to be. The remaining services will be reconfigured to align to this new structure, initially lifting and shifting those services, teams or staff into place.
- 9.3 The structure in appendix 4 represents the new (high-level) structure that will ensure that the proposed new operating model works effectively in practice. The red box on each model depicts the new Senior Leadership Team (now referred to as Leadership Board) that will, alongside Members of the Cabinet, and other functions (depicted in red below) to form the Strategic Core. Please note however that the intent is to involve members and the new Leadership Board members in the final design of the remaining structure, so the structure remains in a proposed state for now.
- 9.4 Important notes relating to the new structure:
 - 9.4.1 The membership of the Executive Management Team are reduced from five to 3.5 FTE members.
 - 9.4.2 A dedicated Director of Children's Services post has been created to add senior capacity and provide important dedicated focus on children services.
 - 9.4.3 The structure fully supports delivery of our savings requirements and will see the creation of a dedicated deputy S151 officer role focusing fully on this area.
 - 9.4.4 A dedicated Executive Director for Public Health (DPH) has been created by aligning the responsibilities of the post, to give additional capacity to focus on public health both within the Council and to the wider system, including the ICS, while retaining a strong role within the Strategic Core to ensure strategic alignment to statutory responsibilities of the Council around Health and Wellbeing.
 - 9.4.5 There is no intention to change the grade of any of the posts within the Leadership Board. One new post will be created at the existing Director level grade (DCS).
 - 9.4.6 Working more effectively across the organisation in a strategic role will allow the number of senior staff to reduce from 20 to 12.5 and implement more fully the GLR approach.
 - 9.4.7 The savings realised from implementing the new model will be £1,136,213 FYE compared to the structure as at 1 April 2024. The savings target (RC081 Senior Management Restructure) was £0.710m and would be exceeded by 41%. We

- anticipate further savings to be identified through the redesign of the layers below.
- 9.4.8 Directors and those currently at Assistant Director level will report to the Executive Directors in a matrix way, meaning there will be different reporting arrangements depending on the purpose of that report e.g. statutory, priority programme, transitional and development requirements. This will support resilience and reduce silo working, while increasing assurance.
- 9.4.9 To ensure the effective implementation and ultimate success of this proposed new operating model and the development of the new Leadership Board, there will be an aligned OD&D strategy ready to be shared and shaped with the new Leadership Board for implementation and impact. This strategy will continue to be informed by the adopted principles of GLR around accountable leadership and performance management of individual objectives and organisational priorities.

10. Implementation Process

- 10.1 Under this first phase, all the executive team and assistant directors were involved in a consultation exercise. All those staff affected were able to express a preference for one or more posts in the new structure. This ran from 5th December 2024 until 17 January after which a number of appointments needed to be made.
- 10.2 The new structure will take effect from 1 March 2025, (with the exception of the DCS) marking the beginning of the next phase of our transformation how we will work together in a completely new, effective, efficient and sustainable way, led by an outstanding leadership team with a shared commitment for a healthy and prosperous Shropshire.

11. Conclusion

- 11.1 These proposals have been carefully designed to reflect Shropshire's particular circumstances and the Council We Need to Be. They also reflect the particular external pressures on the Council and anticipate likely major changes as a result of new Government policy and ready to respond to changes desired by the new administration. Accordingly, they are designed to position the Council well to reduce risk and to seize opportunities, on behalf of local people, in the major changes to come over the next few years.
- 11.2 The proposed changes are also designed to excite and attract senior staff of the highest calibre to work in Shropshire, as well as to retain and develop our most talented staff.

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 - The Principles Underpinning the Strategic Operating Model

Appendix 2 - The Operating Model (Cabinet 17th July 2024)

Appendix 3 - The Proposed New Strategic Operating Model

Appendix 4 – Proposed Structure

APPENDIX 1

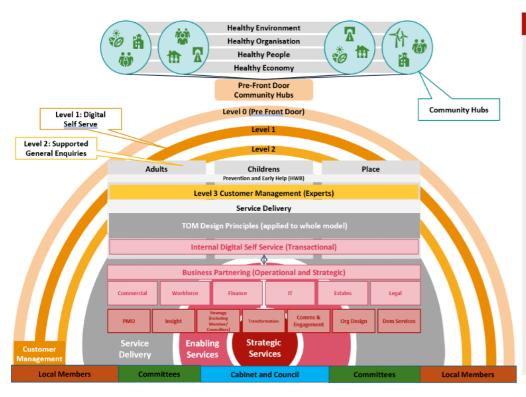
Strategic Operating Model Design – Key Principles

| | 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. | 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. | 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. | 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. | 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. | Tackle inequalitiesCommunicate well |
| 6 | Resilient workforce | Our operating model is built around healthy and creative employees, with strong workforce development principles creating robust workforce / | Absorb, adapt, anticipate.Best workforce |

| | Council 27 th Februar | y 2025 - — Shropshire Council Strategic Operating Model succession plans and removing single points of expertise or failure. | | |
|----|---|--|---|--|
| 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. | • | 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. | • | 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. | • | 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. | • | 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. | • | Healthy Organisation |

Appendix 2: Operating Model Presented to Cabinet 17th July 2024

TOM | What WAS the Council's Future Target Operating Model?



Functional Layer Definition

Customer Management

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

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

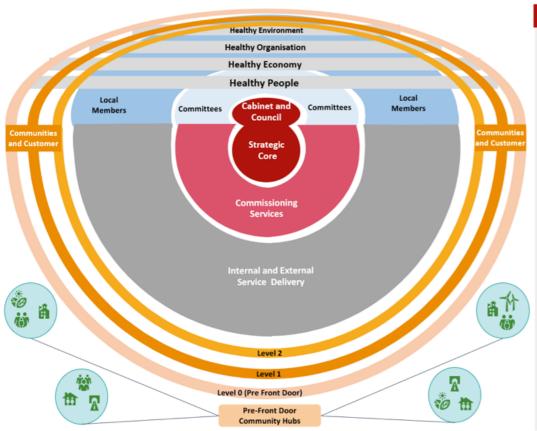
Enabling Services are the essential capabilities, operating to ensure that the right people, tools and capabilities are available across the organisation to enable services to operate efficiently and effectively.

Strategic Services

The Strategic Services will enable a whole-council approach to strategy, communications and engagement with the community to drive transformation and continuous improvement. It will be at the centre of the organisation and responsible for member engagement including strategy setting with Chief Officers.

Appendix 3: Proposed New Operating Model

New Operating Model



Functional Layer Definition

Strategic Core

The centre of the organisation built around Members, setting strategy and policy with the Leadership Board (e.g. The Shropshire Plan). Working collobratively to drive organisation responses to strategic priorities e.g. Children and Young People. Key elements: members, policy, internal and external expertise, data and insight, strategic planning and innovation, strategic partnerships, statutory and regulatory requirements.

Commissioning Services

Translating strategy and policy into a 'statement of works' that drives internal and external commissioning of services delivery. Sets Contract and Performance Management measures and SLAs.

Internal and External Service Delivery

Services delivered internally by the Council or externally through appropriate models to and for our residents (people) and communities, and internal services provided to and from other parts of the organisation (enabling services).

Customer (Residents and businesses) Management

Customer Management is the Shropshire Council's interface with all residents. It enables residents to self-serve or access the support they require in an effective way which suits them and their needs, working in a preventative way, tackling inequalities. Working with and through Members, penetrating the authority at all levels, insight will direct service delivery and inform strategic decision making.

Appendix 4: Proposed Structure

