

## **Appendix A - The Roadmap for change (including draft Design Principles)**

The programme has a **three-year roadmap of changes, with savings being realised across the duration** as processes and practices are aligned.

Both councils agree that the transition to either model is complex and would involve detailed review of process, systems, practices and skillsets to best shape a shared service moving forward. In both options there has therefore been an assumption that minimal change will occur from the outset in June 2016, restricting this to a restructure of the management team to create a new management team who can lead developments through the three implementation phases.

The previous recommendation for BCC to host Payroll & Transactions services for London Borough of Harrow and Buckinghamshire County Council is included in both options. This is because BCC is in a better position to absorb the additional work associated with providing a service to both authorities.

Decision making gateways have been proposed at the end of each implementation phase, to provide an opportunity to review progress and impact and consider and new evidence and requirements for investment or further change.

The roadmap for change will be split into the following phases in either option:

### **1. Pre-Implementation Phase: January 2016 – May 2016**

This phase will focus on the formal decision making process for both councils to sign off the final decision, followed by engagement and consultation with internal and external customers, the unions, the workforce in scope and other stakeholders.

ICT will see:

- ICT teams and Sopra Steria (LBH provider) to work on detail of connectivity
- Bucks SIMS to SAP project (not included in this business case)
- Scoping of BCC/Harrow solution (outside of SAP – ability to use Harrow SIMS system and looking at creating export file for BCC SAP system).

Payroll will see:

- Check and challenge proposed model, ensuring existing resources can deliver on Phase 1 and 2.

There would be no specific activities for the remaining services in scope.

It is expected that a period of staff consultation and selection for the change in management posts from June 2016, will take place during March – May 2016. Managers will be in post from 1<sup>st</sup> June.

It is expected that change management activities will take place with key stakeholders, including Unions and Customers, in readiness for Phase 1.

### **2. Decision Making Gateway # 1 – January 2016. Consider progress against plan and any investment for understanding and scoping any longer-term ICT developments if required.**

### **3. Phase 1: June 2016 – March 2017**

This phase will focus on embedding the new management structure in either option. There will be **no immediate change to customer experience and staff will continue to use existing systems, processes and practices.**

It is essential to give the new management time to understand the full range of process, practices and systems, engage with customers regarding any planned changes and engage relevant 3<sup>rd</sup> parties to fully understand any significant development implications.

In this Phase ICT will see:

- Connectivity in place. Staff able to work across both systems.
- **Processes remain on existing systems. No change for customers**
- Build of BCC/Harrow solution to deliver the Harrow Schools and Pensioners payroll from 1<sup>st</sup> April 2017 (outside of SAP – ability to use Harrow SIMS system and looking at creating export file for BCC SAP system).
- Build SIMS to SAP solution for Harrow
- Review of associated systems, where standardisation adds value, such as the use of Civica and Supportworks to support the management of HR activity and other duplicate systems that could potentially be standardised.

Payroll will see:

- Management structure in place. Both teams deliver current activity (**no change for staff or customers**)
- Assess data and T&C's for schools and pensions.
- *Pilot of Bucks SIMS to SAP with Bucks Schools (35 schools) – separate business case*
- Change Management activities with Harrow Schools regarding new practice.
- TUPE consultation for Harrow staff (Nov/Dec 2016)

The new management team will consider existing and new best practice models, looking at where these can be more widely introduced and will plan alignments to bring both financial and productivity savings in phases 2 and 3.

Commercial activities will be undertaken, depending on the model selected.

SLA's for common products will be reviewed.

Opportunities for economies of scale in 3<sup>rd</sup> party spend will be reviewed in detail.

**Design Principles for the New Delivery Model (NDM), such as those outlined below, will be drawn up at the beginning of phase 1 for either option.**

In either options, November 2016 will see the new management team implementing new practices, processes and delivering customer, union and staff consultation in readiness for the 'go live' of Phase 2 from 1<sup>st</sup> April 2017.

**4. Decision Making Gateway#2 January 2017.** Review progress to-date and agree any further investment identified for Phase 2.

#### **5. Phase 2: April 2017 – March 2018**

This phase will **represent a proof of concept** for the agreed new model, with new processes and practices being introduced alongside the embedding of a new joint culture.

April 2017 will see the first planned reduction in headcount for non-management staff, some of which may be realised from natural wastage and voluntary redundancy; others are likely to be absorbed through additional customer volume.

In both options, this phase would see relevant staff TUPE transfer to Buckinghamshire County Council.

Phase 2 will see ICT:

- Bucks SIMS to SAP in place for Harrow Schools
- Staff using BCC systems for Schools and Pensioners payroll
- **No change to ESS/MSS or experience for internal services customers.**

- Continued work on associated systems, where standardisation adds value.
- Work to support strategy for 2018 and beyond

Payroll will see:

- Transition of Schools and Pensions Payroll to BCC
- Tupe of Harrow Payroll and Transactions staff, first reduction in headcount (anticipate absorbing surplus through additional customer volumes)
- Establishing SLAs and realising detail of service.
- Develop strategy for 2018, looking at all encompassing payroll capability.

Phase 2 would be used for ongoing customer engagement and further development of systems, process and culture to create standardisation where there is business benefit to do so, and share best practice across both organisations. This is likely to include development of standardised customer SLA's and areas of commonality.

Commercial activities will be undertaken, depending on the model selected.

Opportunities for economies of scale in 3<sup>rd</sup> party spend will be explored and opportunities to retender identified and actioned, if contract rules allow.

Customer and stakeholder engagement will be throughout the year, with November 2018 seeing specific customer, union and staff consultation in readiness for the 'go live' of Phase 3 from 1<sup>st</sup> April 2018.

**6. Decision Making Gateway #3 - January 2018. Review progress to-date and agree any final significant development investment required.**

**7. Phase 3: April 2018 onwards.**

This phase will see continued accountability on the new management team to **realising any remaining savings through the implementation of any remaining system and process changes and embedding of a shared culture of excellence.**

April 2018 will see the final planned headcount reductions, likely through natural wastage, voluntary redundancy or absorbing resources required for increased customer volume.

Commercial activities will be undertaken, depending on the model selected.

Common SLA's will be introduced where there is business value to do so.

Opportunities for economies of scale in 3<sup>rd</sup> party spend will continue to be actioned.

## **Draft Design Principles for the New Operating Model**

Principles for the new operation model principles will be agreed as part of the Inter Authority Agreement developments.

1. How staff will be managed and located will depend on the option chosen.
  - 1.1. In option 1, the Bucks Managed model (Bucks), Buckinghamshire County Council would be the host authority and staff will TUPE across from April 2017 (managers from June 2016).
  - 1.2. In option 2, a Jointly Managed model (Joint), staff undertaking Payroll activities will TUPE across to Buckinghamshire County Council, from April 2017. Other staff and managers will remain employed by their current employer.

2. Staff will be located at the Council that is most appropriate to the work; this approach retains flexibility to respond to local circumstances and requirements. However it still permits the full benefits of economies of scale, effective process design and re-design, career development and cost reduction. Where appropriate, co-location will be a long term aim where this has business benefits.
3. Underpinning the new approach to management is a focus on the key success criteria of realising savings, creating resilience and efficiency and maintaining or improving customer experience. Thus as the service is re-designed, it will include changes to the overall business model, not just efficiency savings.
4. Governance arrangements will need to be agreed by all parties prior to the detailed work on creation of the service and details included in the Inter Authority Agreement. See appendix E for the outline Governance requirements for either option.
5. Both councils will need to undertake further work once a decision is made to remodel residual team structures where partial work may transfer to alternative teams as part of this transformation. In this instance, where the residual work is 'out of scope', any cost and residual responsibility will be borne by the relevant authority.
6. Relationship management between the two councils will predominately be provided through the Head of Organisation Development and People.

## 7. Draft Design Principles

A set of design principles will need to be created, to support the transition and ensure the design aligns with a shared vision.

The following are draft principles for illustrative purposes only:

Area	Example of the type of Principle that could be adopted
Processes	Standardise processes unless they need to be different
	Greater efficiency of process – faster – better for customers – easier - simpler
	Eradicate duplication
	Optimal use of resource and performance
Organisation	Move towards standard terms and conditions for new appointments that will enable consistent treatment of all staff, irrespective of where they are working and ensure that activities can be consistently priced. (In addition it will make filling vacancies easier, rather than having to recruit to different terms for different organisations.)
	Staff, if applicable, will transfer under TUPE and their current terms and conditions will be protected other than the stated measures.
	All impacted staff will be able to apply for new roles unless ring-fencing applies. Once the New Delivery Model and role profiles have been agreed, positions will be advertised in both organisations.
	Customer focused culture.
	A resilient flexible and scalable business model
	Use internal talent to redesign the business, taking the best from each other to capitalise on strengths and reduce weaknesses

Area	Example of the type of Principle that could be adopted
	Sustainable, cost effective and efficient shared services which are highly competitive and that can provide savings/economies of scale
Technology and Information	Each Council will continue to use their existing ERP system (SAP or Oracle). The benefits from implementing one ERP across all three organisations do not outweigh the significant costs (investment, implementation and change) that would be incurred through the implementation. Interim option that allows different versions of SAP to 'communicate' will be explored.
	The service will look to implement common systems across the two councils, with the exception of the ERP system, where this would add value.
	Both authorities will need to consider their long term SAP strategies, looking to align future developments where this adds business benefit.
	In order to obtain benefits and economies of scale the proposal is to align 3 <sup>rd</sup> party contracts where that adds value.
Location	In order to maximise efficiencies the new delivery model will specify that some posts, probably the more senior roles, will require the post holder to travel between locations.
	The new delivery model will be designed so that staff can be co-located, enabling a consistent coverage for each organisation.
Business Growth	The new delivery model is able to adapt to meet the changing needs of the Councils
	Needs to be business focussed and attractive to others
	Create a competitive advantage to develop income generation opportunities
Relationship Management	'Business partner' type model will be adopted, utilising Head of Organisation Design and People