

Birmingham City Council

Report to Cabinet

20 April 2021



Subject: INVESTING IN OUR FUTURE - ENABLING STRUCTURES

Report of: Professor Graeme Betts
Acting Chief Executive

Relevant Cabinet Member: Cllr Tristan Chatfield - Finance & Resources

Relevant O &S Chair(s): Cllr Sir Albert Bore - Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008722/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 The Cabinet decision to progress the proposals set out in the 'Investing in our Future' report of 19 January 2021, included support for a new operating model.
- 1.2 This new model incorporated best in class service delivery functions delivered on an in-house basis, designed from first principles to deliver the Council's key objectives - managing from crisis to prevention, growth and climate change, and customer oriented and relentlessly reliable universal services. It also included a new Council Core to set direction and purpose, join up and then hold delivery

departments and the wider system to account, as well as providing world class support and governance services.

- 1.3 As well as changes to the leadership structure and governance arrangements the latter aspect of the proposals also included changes to help create important elements of the Council Core and enable a more fit for purpose Council. These proposals incorporated a number of key changes to the Council's back office functions, including the creation of a new Council Management function that will bring together all the enabling functions including finance, digital and technology, legal and human resources and enhanced resources to support the Chief Executive in delivering the breadth of change required across the Council.
- 1.4 This paper sets out the detail behind two important new services identified in the 'Investing in our Future' proposals that form part of this reconfigured set of enabling functions and proposes the establishment and funding of these functions in the new structure.
 - 1.4.1 The first of these is the creation of a Corporate Programme Management Office to create, implement and oversee the governance, reporting, escalation and project management that is necessary for the Council to be assured and have confidence that major change programmes are delivered as intended, to budget and on time.
 - 1.4.2 The second is the creation of the Chief Executive's Delivery Unit to increase the breadth of the Chief Executive's contribution on behalf of Members. In particular this function would immediately address business critical issues identified by the Chief Executive, Cabinet and Members through the deployment of a small special projects team to deep dive into service or organisational issues. The function would also manage an enhanced National Graduate Programme on behalf of the Chief Executive.

2 Recommendations

- 2.1 To agree the establishment and base funding of a Corporate Programme Management Office to oversee the implementation of major programmes of change across the Council.
- 2.2 To agree the establishment and base funding of the Chief Executive's Delivery Unit to support the Chief Executive in critical business investigations and in managing an enhanced National Graduate Development Programme.
- 2.3 To agree to the release of £1.092m from the Delivery Plan Reserve to fund the forecast 2021/22 costs and to reflect the full year costs of £1.458m in the Medium-Term Financial Plan from 2022/23.

3 Background

- 3.1 Cabinet approved a direction of travel towards a new operating model and organisational structure when it discussed the proposed organisational changes set

out in the Investing in our Future report on 19 January 2021. The paper set out a proposed direction of travel for the leadership, design and organisation of Birmingham City Council so that it can fulfil the Council's ambition at this time of both hope and challenge. The paper indicated that, in order to reap the benefits of these opportunities, certain parts of the organisation would need to change in the short and medium term.

- 3.2 Part of this change included ensuring that the Council's core corporate services are able to support change and deliver improvement and do so in a way that is both assured and consistent. If we say we are going to make a change, we need to know that we can deliver. The key structural change in this respect, and as agreed by JNC Committee, is the creation of a Council Management function led by the Director of Council Management. This function has overall responsibility for all of the Council's back office and support services and platforms, performance improvement, programme delivery, performance and financial management, assurance and governance arrangements.
- 3.3 An integral part of this structure and the underlying model of governance and assurance is the creation of a fit for purpose Corporate Programme Management Office (CPMO) so that the Council can be assured and have confidence that major change projects deliver as intended, to budget and on time. The purpose of the CPMO is to support the establishment, resourcing, delivery, assurance, monitoring and reporting of programmes that will deliver the Council's Corporate Delivery Plan and wider priority programmes.
- 3.4 The CPMO will have a more proactive role rather than traditional administration only functions. It will act as the single source of truth for all programmes governed at the Corporate Delivery Oversight Group and Corporate Delivery Board, providing executive and Member visibility of programmes and projects and the associated benefits through robust and transparent monitoring and reporting practices.
- 3.5 The function will maintain oversight of the delivery portfolio of programmes within the Council, assessing pressures on resourcing (making recommendations for change where appropriate) and provide capacity, subject matter expertise, challenge and skills transfer as appropriate. The CPMO will ensure the Council realises benefits from its portfolio of programmes through programme and project governance and benefits management and tracking, ensuring compliance and supporting effective control with a focus on delivering tangible outcomes.
- 3.6 The CPMO will develop, implement and apply a common set of practices, principles and templates for managing programmes and projects ensuring compliance with agreed governance and regular monitoring and reporting – tracking the status of all programmes and projects governed under the scrutiny of Cabinet and Members through the Corporate Delivery Oversight Group and the executive Corporate Delivery Board.
- 3.7 The Chief Executive's Delivery Unit (CEDU) will play a key role in ensuring that the Chief Executive is focused on the right things and is fully briefed on the detail of

business critical issues in the organisation that are of importance to Members, citizens and that underpin the effective management of the Council's services. In addition to the Head of CEDU providing greater bandwidth to the Chief Executive by operating with their mandate in specific forums and in certain circumstances, the function will also increase the breadth of the Chief Executive's contribution.

- 3.8 In particular, the function will immediately address business critical issues identified by the Chief Executive, Cabinet and Members through the deployment of a small special projects team to deep dive into service or organisational issues. The team will act in discovery mode for the Chief Executive or in task and finish mode to provide immediate fixes or proposals on the Chief Executive's behalf. The work of the team may then be passed back into BAU delivery or escalated further to a more complete service review or transformational programme.
- 3.9 The function will also manage an enhanced version of the BCC graduate programme as part of the National Graduate Development Programme for local authorities. This enhanced programme will increase the number of high-quality local graduates entering the Council on a structured national programme of development and learning, rotating through a series of placements across the council in a variety of services and functions.
- 3.10 The enhanced programme will complement other local graduate arrangements and the Council's wider education offering and will be overseen by the Chief Executive in order to ensure that there is a council-wide view of development and that placements and development objectives are fully met. The recruitment process for the programme will also be managed to ensure that the programme meets the Council's objectives to create a workforce that reflects the local community.

4 Options considered and Recommended Proposal

- 4.1 The approach outlined in this paper is the recommended option in line with the Investing in our Future proposals in order to address the Councils and city's challenges and to take advantage of the opportunities to improve the lives of our residents.
- 4.2 Not creating these functions as part of the new Corporate Core, or not resourcing them sufficiently, risks continuing with status quo that does not provide the mechanisms for leadership to identify and address business critical issues quickly and effectively, nor does it provide appropriate grip on programme and project governance and assurance. The consequence of both, being the rapid escalation of issues to a point of criticality and of programmes and projects either not delivering on budget and on time or not at all. In many cases the early intervention of these teams and the assurance that they will provide will mitigate against the need for consultancy and professional service firms' intervention. As is currently the case when issues escalate and/or programmes do not deliver.

5 Consultation

- 5.1 Consultation and engagement on the creation of these new functions will be managed as part of the implementation, ensuring that all relevant stakeholders including trade unions and staff are fully involved.

6 Risk Management

- 6.1 The Council has an established approach to risk management which is set out in the Strategic Risk Register. Strategic and operational risks will be reviewed in light of this report.

7 Compliance Issues:

- 7.1 The plans detailed within this paper are in line with the implementation of the Cabinet report of 19 January (Investing in our Future) and the next phase to Birmingham City Council's Delivery Plan to 2022 agreed by Cabinet in November 2020.

7.2 Legal Implications

- 7.2.1 The plans detailed within this paper will ensure that all service provision is delivered in accordance with the relevant statutory framework and the associated statutory guidance.
- 7.2.2 Legal advice on any employment issues and any other governance issues that may arise will be provided on an ongoing basis to the JNC panel and others.

7.3 Financial Implications

- 7.3.1 The Corporate Programme Management Office structure will include a team of programme and project management professionals at an annualised cost of £708k. Given that the team will only be fully formed for the second quarter, the part year cost for 2021/22 will be £531k. This will be the base employee budget for the team, albeit that it is unlikely that this will fall wholly as an ongoing General Fund cost, given that the programmes may result in the function's costs being capitalised or otherwise attributed to non-General Fund budgets (HRA, DSG etc). The grade and cost structure are shown below:

Grade 7 x 1	£96,834
Grade 6 x 3	£220,290
Grade 5 x 6	£345,912
Grade 4 x 1	£44,984
Total	£708,020

- 7.3.2 The Chief Executive's Delivery Unit project team equate to an annualise cost of £350k. As above, given that the team will only be fully formed for the

second quarter, the part year cost for 2021/22 will be £262k. It is also possible that some of these costs may be charged to non-General Fund budgets depending on the projects undertaken.

7.3.3 Assuming the recruitment of a cohort of ten local graduates under the National Graduate Development Programme, the programme will cost £400k p.a., with the part year cost for 2021/22 being £299k, for the same reasons as above.

7.3.4 The grade and cost structure are shown below

Grade 7 x 1	£96,834
Grade 6 x 3	£73,430
Grade 5 x 1	£57,652
Grade 4 x 4	£179,936
Grade 3 x 10	£342,420
Total	£750,272

7.3.5 The part year costs for 2021/22, estimated to be £1.092m will be required to be funded from the Delivery Plan Reserve. The full year ongoing costs of £1.458m will be built into the refreshed Medium-Term Financial Plan from 2022/23.

7.4 Human Resources Implications

7.4.1 The functions set out in the report are new structures that will create opportunities for Council staff to progress and develop. Where new capability is required that does not currently exist within the Council external recruitment will take place.

7.4.2 As set out above, the enhanced graduate programme will be an important element in developing a workforce that reflects the community. The Council will appoint high quality, high potential local graduates who will help ensure the long-term succession planning of the Council.

7.4.3 It is proposed to affect a line-management change for the Strategic Planning and PMO Manager (and therefore all who account to this post) from the Head of Business Improvement and Change to the Assistant Director Service Finance.

7.4.4 The 'new' resource identified in this Cabinet paper should be used to quickly fill vacancies on the existing PMO structure to give the capacity needed.

7.4.5 The Council should step up strategic external advisory support utilising the CEO transformation fund and ring-fence the existing budget and head-count in Business Improvement and Change for the formation of the Equality Observatory cited in the Cabinet Investing in the Future report.

- 7.4.6 Consultation with the relevant Head of Service in BI&C and Programme / Change Manager should be undertaken prior to implementation.

7.5 Public Sector Equality Duty

- 7.5.1 The consultation process and associated steps as identified within this report accord with the Council's legal duty to further its Public Sector Equality Duty. This duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Please note the obligation on the Council to comply with the Public Sector Equality Duty is set out within the Equality Act [2010].
- 7.5.2 A full equality impact assessment under the Equality Act 2010 will be completed that considers the impact on all protected characteristics including all staff and service users who are part of the protected characteristics cohort.

8 Appendices

- 8.1 None

9 Background Documents

- 9.1 Cabinet Report of 19 January 2021 (Investing in our Future)