

Appendix A – High Level Business Case and its Appendix 1

High Level Business Case

Overarching Programme: Council Transformation

Business Case Focus: Workforce

	Information
Directorate	All
Service	All
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Version Control

Version	Issue Date	Changes
V0.1	23.11.23	First draft
V0.2	14.12.23	Second version incorporating comments / amendments from Dawn Bettridge, Sara Cretney
V0.3	21.1.24	Amendments to include overview of VR programme from Dawn Bettridge and Sari Brice
V0.4	25.1.24	Amendments to include summary of approach from Alyn Jones
V 0.5	29.1.24	Amendments to include Informal Exec pre-agenda meeting feedback from Dawn Bettridge

Sign-off

This document requires sign off by SRO

Title	Signature	Name	Date
Business Case Sign Off			

1. Introduction & Background

Like many other councils, Somerset Council is facing an extremely challenging financial position with the cost of delivering services increasing significantly faster than the income received. The new Council came into existence at the most challenging time for local government in a generation. Fourteen years of austerity and growing demand has reduced the spending power and financial flexibility of all councils. The cost of delivering services has dramatically increased due to rising energy costs, rising interest rates, rising costs of care, and increasing numbers of people who need the Council's support.

Somerset Council needs a clear and robust plan to support long-term financial stability. In addition, the pace and scale of current Council transition and transformation will need to accelerate to deliver a radically different way of working as a Council, operating with fewer staff, whilst increasing our influence and impact.

Executive agreed a new 'vision for a sustainable Somerset Council' and associated organisational design principles on 06 December 2023 which will seek to deliver a new, smaller, leaner, more productive Council. Achieving this vision will be complex and require whole organisation transformation in order to maximise the opportunity of bringing together the five predecessor councils and meet the financial challenge. The new transformation approach will bring together transformation and change across the organisation to ensure whole council oversight and prioritisation of resources and investment.

Given the financial pressure there is an inevitable initial focus on the workforce reduction programme as an essential early enabler of organisational redesign and change. The workforce reduction programme will not in itself reshape the Council. The other two programmes running in parallel to this activity; organisational design and innovation, and Partnerships and devolution, along with the original vision of the LGR strategy, will shape what a good Council looks like.

As a listening Council the 2024/25 Public Budget Consultation exercise tells us that people expect us to resize the organisation in terms of staffing. The workforce management case outlines the significant scale of workforce reductions that will be implemented in 2024 to contribute c.£40m savings in 2025/26 and beyond.

1.1. Strategy investment aims

Project Primary Driver (tick all that apply)	Maintaining/Improving service delivery	Pressure Reduction	Cash Savings	Risk Avoidance	Delivering a Piece of Legislation
	✓	✓	✓	✓	

1.2. Financial Strategy savings type

MTFP Financial Strategy type (tick all that apply)	Alternative service delivery	Asset Management	Efficiency Saving	Income Generation	Service levels
			✓		✓

2. Options Considered

Option 1: No Change	
Details:	No change to the organisational structure, service delivery and workforce model. Continue with the original LGR restructuring programme to save c £9.4m over three years.
Expected Outcomes:	Consolidation of workforce from five councils to one.
Time Estimates:	Completion of LGR restructuring by end 25/26
Cost Estimates:	23/24 - £1m 24/25 - £4m 25/26 - £4.4m
Likely Impacts / Cumulative Impacts to SC:	See LGR business case and EIA (Equality Impact Assessment).
Reason option has been chosen or rejected:	<p>Rejected:</p> <ul style="list-style-type: none"> ▪ Too slow to realise benefits ▪ Savings insufficient to close the budget gap in 24/25 ▪ Transformation not happening horizontally across the organisation ▪ Reinforces directorate led change and silo working ▪ Cultural change slow shift to 'one team' ▪ No cross-organisational oversight of approach

Option 2: Separate Directorate led transformation and change including LGR	
Details:	Separate Financial Emergency Programme, Adults and Childrens Services transformation programmes, piecemeal improvement and change projects.
Expected Outcomes:	MTFP Savings delivery Adults' transformation programme delivery Children's transformation programme delivery
Time Estimates:	MTFP – 24/25. In year. Adults – see separate programme benefits realisation work Childrens – see separate programme information (currently being reviewed by PeopleToo)
Cost Estimates:	MTFP – 24/25. TBC Adults – see separate programme benefits realisation work Children's - see separate programme information (currently being reviewed by PeopleToo)

Likely Impacts/Cumulative Impacts to SC:	See individual business cases and EIA(s).
Reason option has been chosen or rejected:	<p>Rejected:</p> <ul style="list-style-type: none"> ▪ Too slow ▪ Insufficient impact on financial gap ▪ Reinforces directorate led change and silo working ▪ No cross-organisational oversight of approach

Option 3: Somerset Council Transformation Programme Approach	
Details:	<p>To develop a transformation programme to deliver a sustainable Somerset Council: bringing together transformation and change programmes across the organisation, fundamentally redesigning the whole Council in line with the new Values, Behaviours, Organisation Design Principles and a new operating model that delivers our purpose and vision for the people of Somerset, with a reduced sustainable budget and a smaller workforce.</p> <p>Within the Council Transformation portfolio, the Workforce Reduction programme is designed as an enabler for wider Council Transformation and innovation. Detailed in the management case at the end of this business case is a proposed Voluntary Redundancy (VR) scheme to commence in February 2024 to deliver c £40m of reoccurring pay-bill cost reductions in 25/26, through a reduction of between 20-26% of the current workforce.</p>
Expected Outcomes:	<ul style="list-style-type: none"> ▪ Smaller, leaner organisation (reduction in establishment, increased productivity) ▪ Contribution to the financial stability of the Council ▪ A new organisational design and structure that is: <ul style="list-style-type: none"> ○ flexible and agile ○ smaller and leaner ○ data driven and digitally enabled ○ sustainable and resilient ○ local, connected and inclusive ○ values led
Time Estimates:	<p>The Transformation Portfolio of programmes will be in place for the next 3 years to ensure a sustainable and financially viable Council.</p> <p>The whole Council Transformation will take c 3 years to deliver. Individual business cases will be developed during that time across the transformation portfolio.</p>

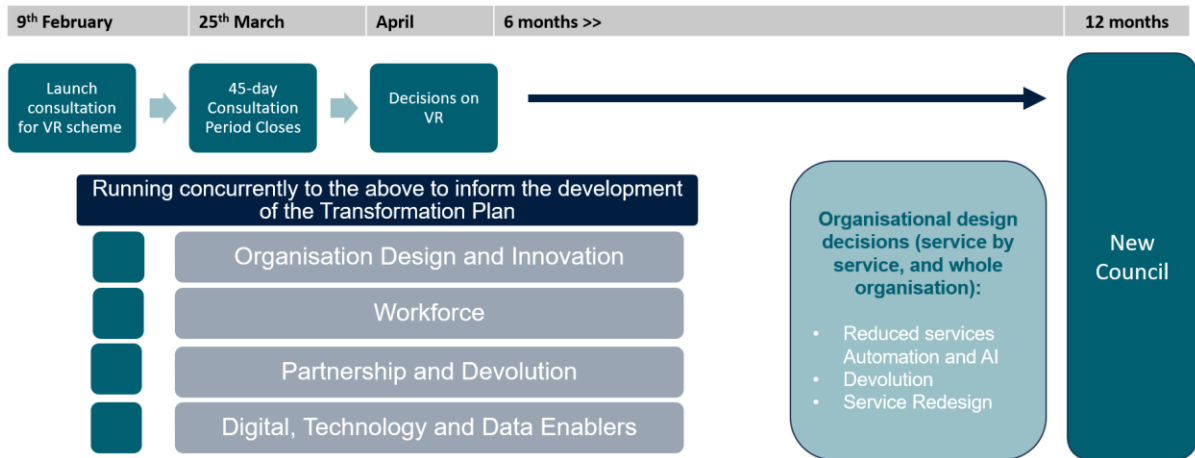
	8.2.24 – 30.11.24 Workforce Reduction Programme – a programme within the Portfolio of the whole Council Transformation, to deliver budget savings in 25/26 and beyond.
Cost Estimates	To be determined by individual business cases for programmes within the transformation portfolio. VR Cost estimates with the management case (section 3).
Likely Impacts/Cumulative Impacts to SC:	EIA first draft: sharepoint
Reason option has been chosen or rejected:	<p>Chosen:</p> <p>The Council Transformation programme will:</p> <ul style="list-style-type: none"> ▪ Deliver a whole Council approach and oversight, moving away from silo working. ▪ Develop a Target Operating Model which will operationalise the Organisational Design Principles: people and skills, organisation and governance, technology, data and insights, process and measures, partnership and localities. ▪ Focus on providing impact and value to the people and communities of Somerset. ▪ Contribute to the financial stability of the Council, delivering significant financial savings. ▪ Optimise the workforce size and structure, prioritising operational effectiveness and efficiency while maintaining sufficient capacity to fulfil legal obligations. ▪ Reshape service delivery to meet the evolving needs of the people of Somerset, maximising collaboration and partnership working, seeking to devolve services and assets where appropriate. ▪ Streamline governance, processes and reduce bureaucracy.

2.1. Implementation for Preferred Option

This is a complex, whole organisation transformation programme which will require detailed workforce, finance and service level data and analysis, product and milestone planning, risks, issues and dependency management. The table overleaf shows high level deliverables identified at this point (dates and key milestones subject to change as the programme is developed). Below is a high-level timeline for the transformation approach which sets out how the component programmes support delivery of the new Council vision.

High Level Transformation Approach Timeline

This diagram is designed to visualise the multi layered approach that we will take to reach decision points for each service which will run concurrently to the Voluntary Redundancy (VR) process



Timescales - Workforce Reduction Programme

The Voluntary Redundancy (VR) scheme will commence on 9 February 2024 with a 45-day consultation and concurrent VR application period subject to Member approval at Executive on Wednesday 7 February. Should the external support from DLUHC not be secured, the VR scheme would need to be terminated with no VR applications accepted. This is a high risk to staff morale and Council reputation. The alternative is to delay the implementation of the VR scheme until after Full Council.

VR decisions will be made in April 2024 and staff will leave the organisation between 1 May – 31 July 2024 dependant on the length of their contractual notice period (Pay in Lieu of Notice will only be approved by exception). To enable a smooth and phased transition, the latest date staff will leave the Council on VR will be 30 November 2024.

Actions / Milestones (Highlights from detailed project plans)	Indicative Date	Lead
Programme Governance		Sara Cretney
Establish Design Authority	12/01/2024	Sara Cretney
Define, finalise and adopt programme strategy to include but not exhaustive: <ul style="list-style-type: none"> Detailed programme plan (including tranches) Programme organisation Comms, engagement, and stakeholder management plan 	16/02/2024	Sara Cretney
Develop and adopt the Financial Strategy	16/02/2024	Jason Vaughan
Organisational Redesign & Innovation		Sara Cretney
Organisation Vision and Design		
Develop Organisational Design Principles	Complete	Sara Cretney
Service Redesign		
Develop service design principles and blueprint	28/02/2024	Sara Cretney
Revised project prioritisation matrix focussed on creating value for money	28/02/2024	Sara Cretney
Programme of innovative working and service redesign prioritised on cost/benefit analysis.	28/02/2024	Sara Cretney
Organisational Structure		
Target Operating Model and gap analysis	28/02/2024	Sara Cretney
Capability building, digital tech, data, change		
Identification and programming of core digital and technology capabilities to enable innovation.	28/02/2024	Andy Kennell
New ways of working		
Legal and legislative compliance framework	15/02/2024	David Clark
Workforce		Dawn Bettridge
Workforce reduction and restructuring		
Decision for continuation or pause to LGR service restructuring	Complete	Alyn Jones
Commence 45-day consultation on MTFP proposals	17/01/2024	Sari Brice
Compliant VR process and project plan including 45-day Trade Union consultation and high engagement	31/1/2024	Sari Brice
Financial Strategy in place to fund the programme including the redundancies	05/02/2024	Jason Vaughan
Optimised and reshaped programme-level Equality Impact Assessment	26/01/2024	Michelle Anderson

Launch 45-day consultation for Voluntary Redundancy scheme	09/02/2024	Sari Brice
Conclude 45-day consultation for Voluntary Redundancy scheme	25/03/2024	Sari Brice
Spans and layers of control exercise to identify where posts can be removed	31/03/2024	Dawn Bettridge
Redundancy approvals	April 2024	Sari Brice
Staff VR leavers from 1 May 2024 - end July 2024 (latest 30.11.24)	Subject to contractual notice	Sari Brice
Organisational Development and Supporting staff through change		
Organisational development interventions to improve culture change and performance, and supporting people through change	Jan 2024 – Dec 2024	Clive Mallon
Development of new values and behaviours	Complete	Clive Mallon
Skills and capacity baseline assessment and development plan. New appraisal system. New Leadership development framework.	31/06/2024	Clive Mallon
Pay and Reward		
Review and analyse the existing pay and reward framework including Job Evaluation, Establishment Control, Allowances / Additional Payments, process improvement (Digital by default), financial and non-financial pay, reward, and recognition solutions.	Feb 2024 – Apr 2024	Amanda Kotvics
Development of a new Pay & Grading (Total Reward) model for the Council (21mths)	Apr 2024 – Dec '25	
Data, insight, and analytics		
Provide workforce data, insight and analytics to support the wider Workforce deliverables.	December 2023 – November 2024	Helen Thomas
Partnership and Devolution		Sara Skirton
Partnerships & VCFSE (Voluntary, Community, Faith and Social Enterprise)		
Develop and agree Strategic Partnership objectives and roadmap	Commence February / March – dependency on Workforce and Org Redesign	Sara Skirton
Stakeholder assessment and management plan for locality working		Sara Skirton
Scope the locality working and define future model		Sara Skirton
Develop service devolution programme activity (including TUPE arrangements where relevant)		Sara Skirton
Devolution		
Agreement and adoption of Asset and Service Devolution Framework	Complete	Sara Skirton

3. Financial Case for the workforce phase

The cost of a VR scheme is complex to accurately forecast, and the average cost of a redundancy varies widely due to a number of factors including applicant age, length of service, salary, the applicable TUPE protected redundancy multiplier (ranging from one to three times) and the value of the pension strain (if applicable).

The two sections below outline some of the factors that must be taken into account when developing the financial case.

3.1 Statutory Redundancy Payments

Under the Employment Rights Act 1996, redundancy payments are made according to the following scale:

1. 1½ week's pay for each year of employment during which the employee was aged 41+.
2. 1 week's pay for each year of employment during which the employee was aged 22-40 inclusive.
3. ½ week's pay for each year of employment in which the employee was aged under 22.

Reckonable service is limited to the last 20 years before redundancy. The payment is therefore subject to an overall maximum of 30 weeks' pay, depending upon the number of years worked after and including the age of 41.

'Employment' is regarded as continuous local government service or an associated employer.

The qualifying service in respect of receipt of redundancy payments is two years continuous service regardless of hours worked.

For Voluntary Redundancies, the Authority has exercised its discretion to make payments on contractual redundancy entitlements, as opposed to the current statutory maximum.

3.2 Predecessor Council Redundancy Terms

All previous District Councils have a range of TUPE protected policies [Redundancy \(sharepoint.com\)](https://sharepoint.com)

Council	Redundancy Payment Terms
County Council	1 x the number of week's entitlement under the statutory scheme based on actual weekly pay (max 30 weeks' pay).
Mendip	3 x the number of weeks' entitlement under the statutory scheme, based on actual weekly pay (max 90 weeks' pay).

Sedgemoor	3 x the number of weeks' entitlement under the statutory scheme, based on actual weekly pay (max 90 weeks' pay).
Somerset West & Taunton	1.5 x the number of weeks entitlement under the statutory scheme, based on actual weekly pay (max 45 weeks' pay).
South Somerset	2.5 x the number of weeks' entitlement under the statutory scheme, based on the greater of either actual weekly pay or the statutory maximum weekly pay (currently £643 per week) (max 75 weeks' pay).

It has been agreed that where there was a difference between the compulsory and voluntary redundancy payment terms in the legacy councils' redundancy policies that the more favourable terms will be applied. This is the same principle as has been applied and followed in all the LGR restructuring that has occurred to date.

Redundancy payments below £30,000 are not taxable.

3.3 Range of VR costs and savings

Informed by a planned analysis of organisational spans and layers of control, the Council aims to achieve significant workforce savings from staffing reductions for 2025/26. This includes LGR (Local Government Reorganisation) staff savings that are still to be delivered.

High level data assumptions informing an indication of the cost of redundancies and number of redundancies are as follows (@ Dec 2023):

- Current Total employee headcount 5234
- FTE 4586 (excludes schools' staff)
- Av. salary cost (per FTE) from SAP payroll is £32.9k
- Average oncosts associated with each FTE is 28% (average of £9.2k)
- Average pension strain for those that are eligible (aged 55 and over and a member of the LGPS) is £35.3k
- There will be some who are members of alternative pension schemes such as NHS, NEST which may have different terms and conditions relating to redundancy and early payment of pension.

The need for redundancy will be reduced through the removal of budgeted vacant posts where practicable, and removal of other pay-bill savings from the in-year savings initiatives (section 5.2).

The funding strategy to pay for the VR scheme is contingent on permitted utilisation of Council reserves, the Capitalisation Direction, and the sale of Council assets. Using current policy and guidance associated with redundancy, the total scheme will require a maximum 3-year payback. However, the objective of this programme will be to seek a payback of 2-years.

Other factors that affect overall budget savings from a VR scheme include a 28% salary uplift for oncosts (Pension & NI). As the majority of staff (with the exception of schools' staff and VR Exempt Posts) will be in scope of the VR scheme the detailed data analysis will consider the predicted distribution of VR leavers from across all grades, based on an analysis of 'as is' and optimal spans and layers of control from a diagonal slice analysis across the whole organisation.

3.4 Expected Financial Impact of Recommended Solution

Details to be validated:

- Target reduction in overall workforce costs (section 5.2) that help reduce the need for compulsory redundancies.
- Funding required to fund the cost of a VR scheme and payback period.

This is a high-level business case and is too early to accurately outline costs and investment across the whole portfolio of Council Transformation. There are number of influencing factors such as salary cost, number of years of continuous employment, contractual redundancy terms However, at this stage the following working assessment has been developed. This requires further review and validation taking into account the factors above.

Average annual salary saving including 28% on-costs	Allowance for redundancy cost including pension strain (where appropriate)	Payback (years)
£42,112	£65,800	1.6

4.1. Non-financial Benefits

Description	Owner	Baseline Data Sources for Tracking	Anticipated Outcome	Realisation Date
Workforce Optimisation	Dawn Bettridge	SAP	Smaller workforce size Optimal Council structures with adherence to design principles (spans and layers)	1.4.25
Employee Well-Being	Dawn Bettridge	Workforce data and surveys	Staff and managers say they feel supported and valued Reduction in workplace stress and levels of absenteeism	1.12.24
Managed Redundancies	Dawn Bettridge	Workforce data	Minimised compulsory redundancies Evidence of redeployment and reskilling of affected employees wherever possible	31.3.25
Stakeholder Satisfaction	Sara Cretney	Staff Surveys/ Questioners	Maintain/improve satisfaction levels among staff, union representatives, and external partners	31.3.25
Legal and Regulatory Compliance	David Clark	Workforce data	Compliance with employment law and regulations Absence of legal disputes related to staff reductions and Industrial action	31.3.24
Successful devolution of assets and services	Sara Skirton	Establishment and pay- bill data	Successful TUPE of staff	31.3.24

How will these contribute to Somerset Council's priorities – give brief details	
Council Plan Priorities: <ul style="list-style-type: none"> ▪ Fairer, Ambitious Somerset ▪ Greener, More Sustainable ▪ Flourishing, Resilient ▪ Healthy, Caring 	This programme will support the effectiveness of the whole Council to respond to and deliver the vision and priorities as set out in the Council Plan.
Service specific Strategies	

Benefit enabling dependencies (dependency on people) – give brief details	
Adoption of new technology	Upskill staff on digital skills
Adoption of new ways of working	Dynamic working New values and behaviours New appraisal system

5. Management Case

5.1. Whole-organisation Transformation Approach

Somerset Council needs a clear and robust plan to support long-term financial stability. In addition, the pace and scale of current Council transition and transformation will need to accelerate to deliver a radically different way of working as a Council, operating with fewer staff, whilst increasing our influence and impact.

A whole-organisation transformation approach is required to deliver the new vision for Somerset Council to be:

- A council that is **flexible and agile**
- A **smaller and leaner** council
- A **data driven and digitally enabled** council
- A **sustainable and resilient** council
- A council that is **local, connected and inclusive**

The new transformation approach will bring together transformation and change across the organisation to ensure whole council oversight and prioritisation of resources and investment – see diagram overleaf.

Council Transformation high level objectives:

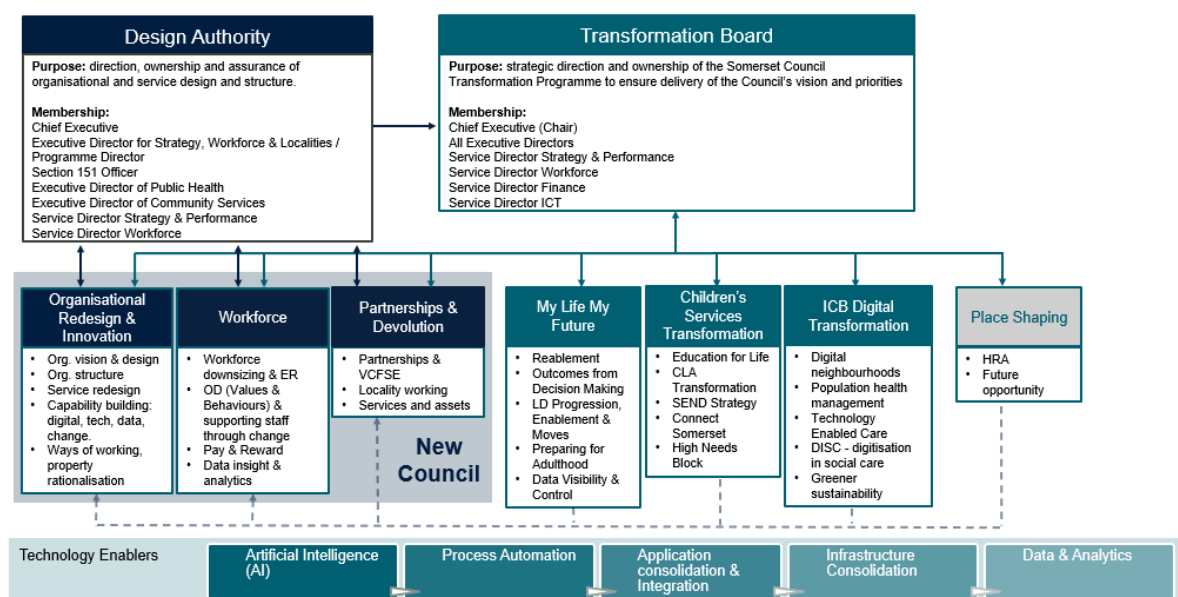
- Reduction in staffing costs and non-staffing revenue spend by end 2024/25.
- Reduction in establishment by end 2024/25.
- Reduction in service demand
- Reduction in duplication and waste
- Increase in alignment and consolidation of services
- Streamlined governance structure
- Increased employee engagement
- Clear vision and purpose to guide Council prioritisation and direction
- Increase in assets and services delivered by partners, VCFSE and town and parish councils
- Embed Equality, Diversity and Inclusion in decision making at all levels
- Maintain positive engagement with Trade Unions
- Embed robust performance management

- Increased adoption of new technology and digital
- Streamlined and proportionate governance and quicker decision making based on data and evidence
- Increased visibility and overview of transformation and change activities

This business case focusses on the workforce reduction as an enabler for wider Council transformation and innovation.

The Transformation Approach will address the various recommendations from the Annual Report from Grant Thornton (Jan 2024). The overarching recommendation relating to transformation in the report is 'Financial Sustainability - implementing a transformation at scale and pace.'

Somerset Council Transformation Governance Structure



5.2. Management case for a Workforce Reduction programme

As part of the wider transformation portfolio, a strategic approach to workforce reduction to reduce the budget gap by c.£40m in 2025/26 is required. Due to the complexity, cost, and pace of this element of the Transformation Programme an overview of the workforce reduction management case has been provided below.

Somerset Council aims to minimise compulsory redundancies as much as possible, although some will be inevitable as a result of some services stopping or reducing.

To mitigate high numbers of compulsory redundancies, the following workforce cost reduction interventions are being analysed to reduce the cost of the pay-bill:

- Managed and controlled recruitment
- Establishment control

- Removal of budgeted vacancies where a post is not essential.
- Reduction of agency workers
- Reduction of interims and consultants
- Voluntary reduction of contract hours
- Review of Fixed Term Contracts
- Overtime
- Expenses and allowances
- Annual leave purchase scheme
- Voluntary redundancy

Voluntary Redundancy (VR)

Voluntary redundancy (VR) offers employees the opportunity, subject to approval, to apply to leave the Council on contractual redundancy terms. This aligns with the overarching goal of creating a smaller, leaner, more productive council, employing fewer people and where possible avoiding compulsory redundancies. The workforce team has put together a carefully planned, robust, legal and fair VR process, ensuring that employees are well-informed, engaged, and supported throughout the voluntary redundancy process. The Council retains control of who is given approval to leave on VR and when employees will be given notice of redundancy. All posts that are made redundant will be removed from the establishment and will not be replaced.

We will create a supportive environment throughout the VR process, including timely and transparent internal communication and engagement, trade union and employee consultation, and supporting all managers and staff including those who will be leaving the Council, those who wish to leave but will not be approved for VR, and those who hope to remain employed with Somerset Council in the longer term.

Clear milestones, including the development and implementation of a compliant VR process, consultation and engagement with trade unions, and alignment with the broader financial strategy is in place to achieve the workforce reduction goals outlined in this business case.

In addition to minimising the need for compulsory redundancies, other benefits of a VR scheme include the opportunity for the Council's Design Authority (led by the Chief Executive) to define what the future organisational model and structure will look like, and to manage and maintain employee engagement. This allows the organisation, in parallel to the VR scheme, the necessary time to delve into the complexities of organisational design principles, spans and layers of control, and the organisational model and structure. This deliberate approach, evidenced by workforce data, insight, and analytics, ensures that the transformation programme will deliver a planned and timely Council re-design and achieve workforce optimisation based on the future model of the Council and its requirements, allowing a focus on long-term financial sustainability and efficiency.

VR Exemptions and knowledge transfer

Due to known recruitment and retention difficulties a small number of job types will be exempt from the VR scheme where it makes sense to do so. This includes the following job categories:

1. Social workers,
2. Senior Social Work Assistants,
3. Engineers,
4. Spatial planners and development management professionals,
5. Lawyers,
6. Occupational therapists (registered, qualified professionals),
7. Adults Social Care Practitioner
8. Health Visitors (registered, qualified professionals),
9. School nurses (registered, qualified professionals),
10. Family Intervention workers (Childrens),
11. All 100% HRA funded posts,
12. All 100% externally Grant funded posts,
13. Estates and building surveyors,
14. Advanced Mental Health Practitioners (Adults - Social worker / OT qualified),
15. Building control surveyors,
16. Ecologists

A VR scheme is known to be costly but can be delivered at pace and enable those staff who wish to leave the organisation to exit with a controlled and positive experience, thereby helping to maintain staff morale and reducing the number of compulsory redundancies.

The talent and knowledge drain from significantly reducing the workforce over the next 6-9 months is not to be underestimated. A planned number of workstreams will be in place concurrently including Organisation Design and Innovation, Workforce data insight and analytics, Supporting People through Change, Organisation Development, Pay and Reward, and Partnerships and Localism (devolution / TUPE). Programme management will ensure that project dependencies and risks are identified, planned for, and mitigated.

5.3. Risks and Assumptions

Description	Cause	Consequence	Risk Rating			Mitigation	Owner
			Likelihood	Impact	RAG		
Terminating or delaying the VR scheme.	External Support from DLUHC is not secured.	Damage to Council reputation, staff morale and trust in leadership	4	5	20	We will make it clear as part of the VR scheme that we might accept none of the applications. We will maintain a high emphasis on internal communications and engagement with staff.	Jason Vaughan
Service instability	Unmanaged VR/High level of CR (Compulsory Redundancies)	Inability to provide essential services to the Somerset residents	3	5	15	To have a robust and compliant CR/VR process. Agreed exempt roles and ensuring any CR is backed up by a careful service redesign	Design Authority
Insufficient budget for Redundancies – unable to achieve savings	Lack of sufficient funding for the programme	Cannot initiate redundancies without a budget to fund them. Without redundancies, savings associated with the programme will not be materialised	4	5	20	The Financial Strategy for the programme is being developed. The source of funding for the programme will be in the strategy	Jason Vaughan
Excessive loss of talent and organisational knowledge	People leaving the organisation ahead of the process or without a proper hand over	Loss of key talent – loss of organisational memory, knowledge and skills. Inability to deliver transformation.	3	5	15	Clear communication and engagement with staff throughout Have a process to capture and retain organisational knowledge. Skills audit for transformation delivery	Dawn Bettridge
Damage to Trade Union relations and risk of industrial action	Failure to consult properly and failure to engage	Loss of trust, confidence in management	3	5	15	Trade Unions are being involved and engaged from outset and will be consulted on the VR scheme	Dawn Bettridge

5.4. Legal Implications

All HR policies and procedures need to be followed and be legally compliant to reduce the risk of employment tribunals, reputational damage and internal workforce disruption.

5.5. Resource Requirements

The whole of the Workforce service has been reconfigured informally to be able to run the Workforce Reduction programme and maintain essential operational HR, Payroll, Business Partnering, Learning and Development and Health and Safety services.

Internal capacity has been identified to support the programme – external specialist resource will only be sought for skills, knowledge, capability and capacity that is not available internally. Work is currently underway to scope the resource requirements as the wider transformation programme is further developed.

LGA funded support has been secured to complete a deep dive of the transformation approach and governance.

Resources to deliver the workforce programme.

In addition to the budget required to fund a VR scheme the following costs are proposed:

- Programme, project, HR & OD (Organisational Development) subject matter expertise – low additional cost, resources are allocated from existing inhouse teams and from extended / additional staffing arrangements.
- Additional HR leadership, experience, resilience, and capacity is being provided by the Interim Service Director Workforce and an Interim HR transformation consultant/lead. This compares favorably to outsourcing the workforce reduction programme at a cost of £3m (quoted from an external consultancy).
- Expert analysis and validation of our workforce data to identify where posts can be safely removed in line with organisation design principles will be resourced by a mixture of existing inhouse staff plus external expertise (provided by LGA, Stanton Marris, Korn Ferry) to ensure validity of workforce savings and future service delivery models)
- A specification for the future Pay and Grading Structure modelling and costing work will be developed as the current Somerset Council pay and grading structure requires remodelling to be 'market right' for a smaller and reprofiled future workforce.

5.6. Equality Impact Assessment

Is there an impact on service delivery to residents or business?	Yes
Will there be an impact on staff within the service or wider Council	Yes
Where there is a Yes answer, please set out the impacts identified to date: -	

The initial EIA focuses on VR Programme element. Going forwards, other parts of the programme will require individual EIAs (Equalities Impact Assessments) to make sure impact is monitored and considered at all steps of the programme. There will also be a cumulative EIA for the programme once all individual EIAs are completed. This will be carried out, reviewed and updated throughout the duration of the programme.	
Has an EIA been started or completed (link to template)	Yes
If yes, please forward to eia@somerset.gov.uk	
If no, please identify the reasons that EIA not being completed: N/A	

5.7. Impact on Stakeholders

Staff – Staff at all levels of the Council are in scope of this programme with the exception of School employees (some roles are listed in the business case as VR exemptions due to recruitment and retention challenges).

Members – All Members will need to be briefed and engaged as this programme impacts staff, service delivery and service levels. The Executive will be kept informed and engaged through Informal Executive meetings.

Trade Unions – All recognised Trade Unions will need to be properly consulted. Facility time is likely to need to be increased for the duration of this programme.

Partners – to be engaged throughout, particularly Town and Parish Councils, VCFSE and Health partners (TUPE considerations).

Agency managed service provider (Matrix) – engagement needed to ensure contract value for money and partnership working to reduce agency numbers and costs.

Appendix 1 Lessons Learned

Lesson	How Somerset Council is incorporating the learning
Birmingham, Bournemouth Christchurch and Poole, Thurrock, our own LGR Peer Review	
<p>Lack of clarity on future plans creates significant risk of inconsistent leadership, challenge and delivery: ultimately failure.</p>	<ul style="list-style-type: none"> • Creating clear leadership and governance with understood roles, responsibilities, and boundaries.
<p>Need to reframe values and behaviours as well as services, processes and structures to ensure cross-council solutions to cross-council problems.</p>	<ul style="list-style-type: none"> • New Values and Behaviours agreed and will be embedded across the programme design and delivery as well as across the employee lifecycle.
<p>Transformation Programme must be proportionate and understood in wider context of financial sustainability.</p>	<ul style="list-style-type: none"> • The approach is designed to support long term financial sustainability. • The cost element relating to the workforce reduction programme (only) is projected to be between c. £37m to £40m. This will deliver reoccurring (year on year) pay-bill savings of c.£40m from 2025/26 onwards. • Section 151 Officer is on the Design Authority and the Transformation Board. • The Financial Emergency Programme has informed the development of the programme.
<p>Need to allocate the right skills, capabilities and capacity to lead, manage and deliver change.</p>	<ul style="list-style-type: none"> • Skills, capabilities audit and upskilling as part of both the
<p>Must be “corporate” a whole-council programme: balance people and place agendas, without losing sight of agreed priority areas for improvement.</p>	<ul style="list-style-type: none"> • Complete.
<p>Effective governance (programme management, democratic and “informal” as well as systems that support):</p> <ul style="list-style-type: none"> • Sufficient “grip” including proactive and cross-cutting risk management, strong and proportionate programme architecture <p>Openness to challenge (including through audit) by staff, Members and others</p>	<ul style="list-style-type: none"> • Creating clear leadership and governance with understood roles, responsibilities, and boundaries. • Review of Programme Management Office to support managing and monitoring delivery. • Inviting in challenge e.g. LGA deep dive into transformation approach planned for March 2024.
Recommendations from Grant Thornton - Interim Annual Report to Somerset Council – January 2024	
<p>Somerset Council should continue to develop and deliver mitigating actions to manage demand and costs in relation to Adults and Children’s services.</p>	<ul style="list-style-type: none"> • A detailed transformation plan is being implemented to help create a council that is sustainable for the future. The ‘My life, my future’ programme (Adults transformation and Children’s services transformation are incorporated into this programme.

<p>Somerset Council should implement the transformation at scale and pace in order to address the significant structural budget deficit.</p>	<ul style="list-style-type: none"> • We are developing a comprehensive transformation programme to deliver our vision to be a smaller, leaner council. Employing fewer people, focusing only on the unique value the authority can provide. The outline transformation business case is now being prepared, programme governance is agreed and will be implemented in the first quarter of 2024.
<p>Somerset Council should ensure that proper governance arrangements are in place to oversee the disposal of the commercial property portfolio.</p>	<ul style="list-style-type: none"> • Generation of capital receipts from asset disposal is a key part of our financial strategy. We have agreed to dispose our commercial property investments and have developed a pipeline of disposals of surplus assets. The Executive have also approved the appointment of Jones Laing La Salle as external agents to support us in this work. • A Member led Property and Investment Sub Committee are fully engaged in this work and the Executive have also tasked our Asset Management Group to bring forward asset disposals from assets held outside of the commercial investment portfolio, including council office rationalisation proposals. • Governance for this activity takes place through the Asset Management Group at a practical level, with formal democratic governance and oversight to ensure transparency.
<p>Robust procurement and contract management arrangements should be implemented at Somerset Council.</p>	<ul style="list-style-type: none"> • Our priority is to find savings through efficiencies and improved practices before reducing services. This therefore includes tackling weaknesses in contracts and procurement to ensure value for money. A Commercial and Procurement Control Board has been created to review and challenge all new commissions, annual uplifts in contracts and contracts renewals. • Our 'No Purchase Order, no Pay' is putting robust procurement arrangements in place to ensure spend is subject to proper governance and decision-making, and that monitoring, and contract management is also robust.
<p>LGA Pre LGR Peer Challenge for Somerset December 2022</p>	
<p>Articulate your vision – we heard that the political administration has a vision and sense of priority activity for the new council; this now needs to be made explicit and socialised.</p>	<ul style="list-style-type: none"> • Vision agreed by Executive on 6 December 2023.
<p>Stop, think and create space as your council 'top team' – when key senior positions have been filled ensuring you</p>	<ul style="list-style-type: none"> • Done via the implementation of the Design Authority and Transformation Board

create organisational time and space to consider ways in which the new council will thrive into the future.	
Ensure robust finance plans are in place and widely understood – providing clarity on the accurate current budget position and how this could impact on the functionality of the new council.	<ul style="list-style-type: none"> • Regular MTFP reports are produced and shared.
Make sure you allow sufficient time for tranche 2 and make the right appointments to deliver your new plan and culture.	<ul style="list-style-type: none"> • Culture part of the overall programme.
Don't underestimate the time needed for stabilisation – this will inevitably go beyond 6 months and may even last a full electoral cycle for ambitions to be fully realised.	<ul style="list-style-type: none"> • Will be incorporated into the timeline and plan.
Keep resolutely focussed at delivering the one council ethos and culture , throughout the new council and with your partners	<ul style="list-style-type: none"> • The implementation of the Design Authority will ensure this focus.
Ensure you have the necessary capacity in the new council to ensure effective communication , internally as well as externally	<ul style="list-style-type: none"> • A high focus on employee, stakeholder and member communication, engagement, support through change, and wellbeing
Develop a strong package of support and engagement with and for your members, including and effective member development programme.	<ul style="list-style-type: none"> • A high focus on employee, stakeholder and member communication, engagement, support through change, and wellbeing
Internal Lessons Learned from LGR Programme	
Put in place early arrangements/mechanisms for consistent, accurate, timely and accessible messaging across the programme team, led by a dedicated comms lead for the programme, driven by a communication strategy and plan	<ul style="list-style-type: none"> • A high focus on employee, stakeholder and member communication, engagement, support through change, and wellbeing. • Dedicated communications and engagement resources.
Set up a single central repository for programme documentation to ensure there is 'one version of the truth' that is readily accessible.	<ul style="list-style-type: none"> • Reviewed and refreshed programme management office arrangements
Ensure design principles inform programme decision making.	<ul style="list-style-type: none"> • Design Principles agreed – Organisation and Structural design principles • Design Authority established
Identify, and secure access to, internal subject matter experts (SMEs) as early as possible.	<ul style="list-style-type: none"> • Clear stakeholder involvement and engagement. Design Authority “pulling” expertise in when appropriate.

Spend time documenting and clarifying workstreams scope at an early stage to avoid possible duplicated effort or gaps in responsibility.	<ul style="list-style-type: none"> • Creating clear leadership, governance and structures with understood roles, responsibilities, and boundaries.
Ensure EDI (Equity, Diversity, and Inclusion) is embedded across the programme and doesn't exist as a standalone workstream	<ul style="list-style-type: none"> • One of the agreed Design Principles is that Equity, Diversity and Inclusion will be at the heart of decision making.
Allocate consistent project support , leaving SMEs to focus on delivery rather than on reporting, updating project documentation etc.	<ul style="list-style-type: none"> • Reviewed and refreshed programme management office arrangements.
Agree a clear governance approach at the outset including a forward plan.	<ul style="list-style-type: none"> • Creating clear leadership and governance with understood roles, responsibilities, and boundaries.
Provide early clarity around who provides the ultimate project/programme steer to avoid conflicting decisions being made and associated wasted effort	<ul style="list-style-type: none"> • Creating clear leadership and governance with understood roles, responsibilities, and boundaries.
Set clear terms of reference for all project meetings, clarifying roles and responsibilities at the outset, to ensure consistency across the programme and that the meetings are focused on the 'right things'	<ul style="list-style-type: none"> • Creating clear leadership and governance with understood roles, responsibilities, and boundaries.
Don't overload the programme resource with an unrealistic volume of simultaneous changes /activities. Be realistic and consider staggering change to ensure enough resources are available to support the transition.	<ul style="list-style-type: none"> • Programme and project management expertise and governance • Dedicated subject matter expert workstream resources (PMO, HR, OD, Finance).
Lessons Learned – Taunton Deane BC / West Somerset Council Transformation – South West Audit Partnership (SWAP)	
To be more realistic about what can be achieved with the available resource and within the time available.	<ul style="list-style-type: none"> • By adopting an organisation-wide approach to transformation; bringing programmes within an overarching transformation portfolio; enables stronger control of resource allocation and prioritisation
The voluntary redundancy option for all staff within the organisation was not in the best interests of the organisation.	<ul style="list-style-type: none"> • VR to be corporately controlled with clear, fair and non-discriminatory corporate decision-criteria and knowledge transfer. • A more considered approach is planned for Somerset Council. Not everyone that applies for Voluntary Redundancy may get approved. Certain roles that are hard to recruit or retain will be exempt from the VR process.
Ensure redundancies are delayed/staggered sufficiently until new processes are in place when actual efficiencies have been realised.	<ul style="list-style-type: none"> • Programme management will ensure that project dependencies and risks are identified, planned for, and mitigated as far as is reasonably possible.

Where a business case is based on high-level subjective assumptions ensure these are regularly reviewed during the implementation stage to ensure they are realistic and achievable.	<ul style="list-style-type: none"> This will be a key element to our approach. Assumptions will be tested and kept under review on an ongoing basis.
Ensure a fully functioning Programme Office is in place with appropriate skills and experience to lead complex transformation programmes	<ul style="list-style-type: none"> This is integral to our transformation planning and approach.
Ensure there is a detailed benefit realisation plan in place at the commencement of the transformation programme and that it is embedded throughout the monitoring arrangements.	<ul style="list-style-type: none"> Benefits identification, tracking, realisation, and reporting has been a key element of LGR so far and will continue into our approach to the wider transformation.

Additional learning being incorporated into Workforce Reduction programme and wider transformation approach:

- Recommendations from the Grant Thornton Annual Report (covers the period 22/23 and looks forward to 23/24) will be fed into each programme business case and lessons learned document. For the workforce programme we have taken on board the need for implementing transformation at scale and pace.
- Design Authority to lead and work through wicked issues and accelerate critical decision making (thought leadership).
- Clear accountabilities, priorities, and performance management (improved staff engagement and productivity)
- Change management (to take people with us on the change journey and do change well).
- Matrix management and task management (different ways of working)
- Digital solutions (remove manual processes and duplication)
- Organisation Design principles (create an organisation design that delivers what we say we will)
- Structural Design principles (spans and layers exercise to inform where roles can be removed)
- HR Policies and procedures that enable sustainable organisational change (e.g., VR leavers not permitted to return as permanent or agency within 2 years of exit)
- HR processes that enable pace, whilst ensuring we are robust, legal, and fit for purpose (e.g., No bumping in the VR scheme, Role Matching to be managed within the CR consultation period)
- Consideration of dependencies in parallel to workforce reduction (Pay and Reward, Job Evaluation)
- Knowledge transfer and phasing of the VR leavers

Appendix 2 – Extract from Executive Report 06/12/23

Vision for a sustainable Somerset Council

Our vision for the council is to be a smaller leaner council, employing fewer people, focusing only on the unique value we can provide. We will bring people together and build strategic relationships with our partners and communities to work as a team, harness and build our collective power to deliver outcomes for the people of Somerset.

We want to free our staff up to be leaders and do what is important – our processes will be streamlined and redesigned to support us to do that efficiently and effectively. At our core, we will be focusing on delivering value and impact, we will be maximising the use and opportunity of digital, Artificial Intelligence and data insight to help us realise our vision.

We will automate any work that is repeatable and can be mapped. Any work that is complex, unique, intuitive, one of a kind and relational will be done by our people, who will be problem solvers: highly skilled, agile, continuously learning and locally based in our communities.

The design of our services will be focussed on providing value to the people of Somerset, not on the professional and siloed specialisms of council teams.

Organisational Design Principles that will support the delivery of this vision:

A council that is **flexible and agile** which will:

- be clear on accountability and responsibility, reducing the need for complex systems of governance, streamlining decision making and reporting processes.
- create clear and flexible roles and functions, working across the council rather than in silos.
- empower our people to be directly accountable for the delivery of outcomes, reducing the management overhead associated with the operation of our Council.
- use agile, iterative, and dynamic approaches to improvement, transformation, and change, delivering outcomes at a much swifter pace than current processes, practices and policies allow.
- build new capabilities and competences that enable and facilitate the whole of the organisation to change - and keep changing - so that we can continuously innovate at speed and scale rather than wrapping change in bureaucratic process, governance, and procedures.

A **smaller and leaner** council which will:

- design out repetition and duplication – eliminating duplication of roles and functions across the council. We will redesign how our business is supported requiring fewer staff to administer what we do in our back office.
- focus our direct engagement with the public on those services that support the most vulnerable members of our community, enabling information regarding all other service delivery to be available at a time convenient to those who wish to access it.

- focus on further developing integrating health and social care to support collaboration, personalisation, and early intervention, to increase independence and wellbeing.
- have the right mix of deep expertise and cross-functional generalists – it may be better to outsource some skills that may have traditionally been handled in house.

A **data driven and digitally enabled** council which will:

- use data to power every part of the council’s business, protecting it, and exploiting it, to make good investment decisions, improve our services and maintain public trust.
- optimise use of digital technology and Artificial Intelligence – reducing the number of staff required to run our services, processes, projects, and governance.
- promote a digital culture for collaboration and innovation, working with the many organisations and agencies that serve Somerset to increase smart solutions, infrastructure, and connectivity.
- provide a joined up digital experience for customers as they access council services.

A **sustainable and resilient** council which will:

- enable partners and other third parties to operate functions and services that are better delivered by others because of their knowledge and expertise.
- balance investment and savings and measure our impact to inform investment decisions.
- prioritise listening and learning to improve service delivery.
- continue to tackle the climate and ecological emergency to the extent possible given our financial constraints.

A council that is **local, connected and inclusive** which will:

- develop and facilitate our Local Community Networks so that they can set their own priorities, determine local action plans and act upon them.
- work with our partners so that we can collaborate to support our communities to access advice, guidance and, where necessary services, across the public sector and voluntary sectors in Somerset.
- make equality, diversity and inclusion the lens through which all decisions are taken. We will include it at an early stage – not as a thing to do “later”.
- ensure that our workforce understands the places and people they support without the need for physical assets to demonstrate our connection to communities.
- have fewer people, but with a wide range of knowledge and skills so that the best response from the most appropriate service or partner is deployed.
- prioritise digital inclusion - improving skills, access and confidence for our staff and customers.
- ensure that our business community has a strong voice and, that we work with them to deliver green growth.
- design our services with various situations, contexts, and preferences in mind, and we provide multiple ways for our community to access, understand, and interact with our services.

Appendix 3 – Spans and Layers

Organisation Design Principles (Structural) – proposed

Definition

- Spans of control - the number of people reporting directly to one individual (direct line management reports)
- Organisational layers of control – the maximum number of levels in the Council hierarchy, i.e., from the Chief Executive to the lowest non-management layer

Why are Spans and Layers important?

The right number of spans and layers can:

- Reduce management costs across the whole Council.
- Enable more efficient and faster cascade of communication.
- Enable faster decision making (less bureaucracy and complexity between the top and bottom of the organisation hierarchy)
- Enable greater empowerment, increased accountability, and productivity.

How will the Council's Spans and Layers be agreed?

- The Design Authority will set the optimal number of spans and layers based on industry best practice (guidance from LGA, Stanton Marris, Korn Ferry)
- Spans and layers will form part of our Organisation Design Principles and establishment control guiding principles.
- There may be some exceptions to the norm. For example, in areas where there are a lot of staff doing similar work, or where staff are supervised on a day-to-day basis there may be more staff reporting to one manager or supervisor.
- Spans and layers should not be confused with pay and grading.
 - You can have more than one grade within each level.
 - The grades and levels in one Service Area can be different to another.
 - Pay scales are attached to a grade, not a level.

Recommended approach to Spans and Layers

Spans

- At each management and supervisory level, the organisation structure will generally be designed with at least 4 to 8 direct reports, with a recommended average of at least 6.
- In Services with multiple staff doing similar work and/or with a high level of direction and support or a low level of job variance, the span will be higher.
- Executive Director discretion can and should be applied to ensure spans of control are practicable and fit for purpose, especially for professional services.

Layers

- The **new** organisation structure should be designed to meet a maximum 6 layers from the Chief Executive down to the most junior level of staff.
- As a new Unitary Authority, it is likely we will create at least 8 or 9 layers unless the organisation design parameter of 6 is made a firm organisation design principle.