

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Legal and Governance Services
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Executive Member:	Mayor Chris Cooke
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Submitted to:	Executive
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Date:	13 November 2024
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Title:	Middlesbrough Council: Target Operating Model
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Report for:	Decision
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Status:	Public
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Council Plan priority:	All
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Key decision:	Yes
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Why:	Decision(s) will incur expenditure or savings above £250,000
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Subject to call in:	Yes
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Why:	Non urgent report, placed on Executive work programme
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Proposed decision(s)

<p>That Executive:</p> <ul style="list-style-type: none"> a) Approves in principle the emerging target operating model; b) Approves the continued development and refinement of the proposed target operating model and its intended direction of travel and; c) Notes the next steps required to implement the target operating model and develop supporting operational strategies.
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Executive summary

<p>This report outlines the Council's proposed target operating model; a necessary tool required to effect the succinct and timely delivery of the Council's Transformation Programme and which presents a fundamentally new way of working for the organisation.</p>

<p>The model demonstrates how Middlesbrough Council could and should operate in order to ensure that the organisation's budgets are balanced alongside cohesive service</p>

delivery, which better meets the needs of residents using approaches that are effective, valuable and sustainable.

The Council Plan 2024-2027 sets out what the Council is trying to achieve for the town and its residents, and the target operating model will become the mechanism that ensures that plan is delivered.

The development and implementation of the target operating model is the next step in the Council's transformation and continuous improvement journey, as we *reset* and *recover* our financial position to one of resilience, whilst ensuring we *deliver* affordable services designed around the needs of residents, businesses and visitors.

1. Purpose

The purpose of this report is:

To articulate how the activity of the organisation will be aligned to ensure an integrated and cohesive approach, whilst expressing the Council's ambitions for its future within a target operating model for Middlesbrough, to support improved outcomes and financial stability.

To gain Executive support for the principles of the model and consent to continue with its development, enabling the Council to *reset*.

To outline the intended approach to develop the supporting strategies which will support transformation of the Council and bring the target operating model to life.

2. Recommendations

It is recommended that the Executive:

Approves in principle the emerging target operating model;

Approves the continued development and refinement of the proposed target operating model and its intended direction of travel and;

Notes the next steps required to implement the target operating model and develop supporting operational strategies.

3. Rationale for the recommended decision(s)

The proposed target operating model is essential for establishing the optimum management and staffing structure and effective processes. It also presents an opportunity to further support the Council's Transformation Programme, whilst setting out the roadmap for the Council we want to be and how we will get there, delivering better outcomes for residents from a lower cost base.

This model will see the Council become ever more focused on the needs of our customers, moving us closer to our communities and helping deliver better outcomes. Our services will be designed around the needs of residents, businesses, and visitors. Services and teams from across the Council will work smarter together for the good of the town.

The model presents the Council with increased opportunities for redesigning service delivery in a way that is cohesive, targeted, efficient, impactful, and cost-effective. There

is scope for this to occur as implementation of target operating model will not be a one-time change but

rather phased, allowing for ongoing evaluation and adjustment to ensure certainty in delivery.

The flexible approach of the model would build confidence amongst our stakeholders that Middlesbrough Council is a Council that is fit for the future and responsive to the needs of our communities.

The organic nature of this model will enable development of further supporting operational strategies alongside the phased implementation of the target operating model, given the integrity of the model and synergy between strategies, as the model evolves over time.

4. Background and relevant information

The model links to the Council Plan which sets out our ambitions across 2024-27 as well as outlining the Mayor’s vision for Middlesbrough and the Council’s four key priorities.

5. Vision

The vision for Middlesbrough is a thriving, healthier, safer, and more ambitious place where people want to live, work, invest and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.

6. Ambitions

In the Council Plan 2024-27, the Mayor set out his ambition to recover, reset and deliver for the people of Middlesbrough and so the four priorities of the Council Plan 2024-27 focus on the future wellbeing of our communities and which also provide a crucial foundation for our Transformation Programme.



"We will build a Middlesbrough people want to be part of. Our town will always be a place where heritage meets innovation. Our ambitions are all focused on the future happiness of our communities".

7. Values

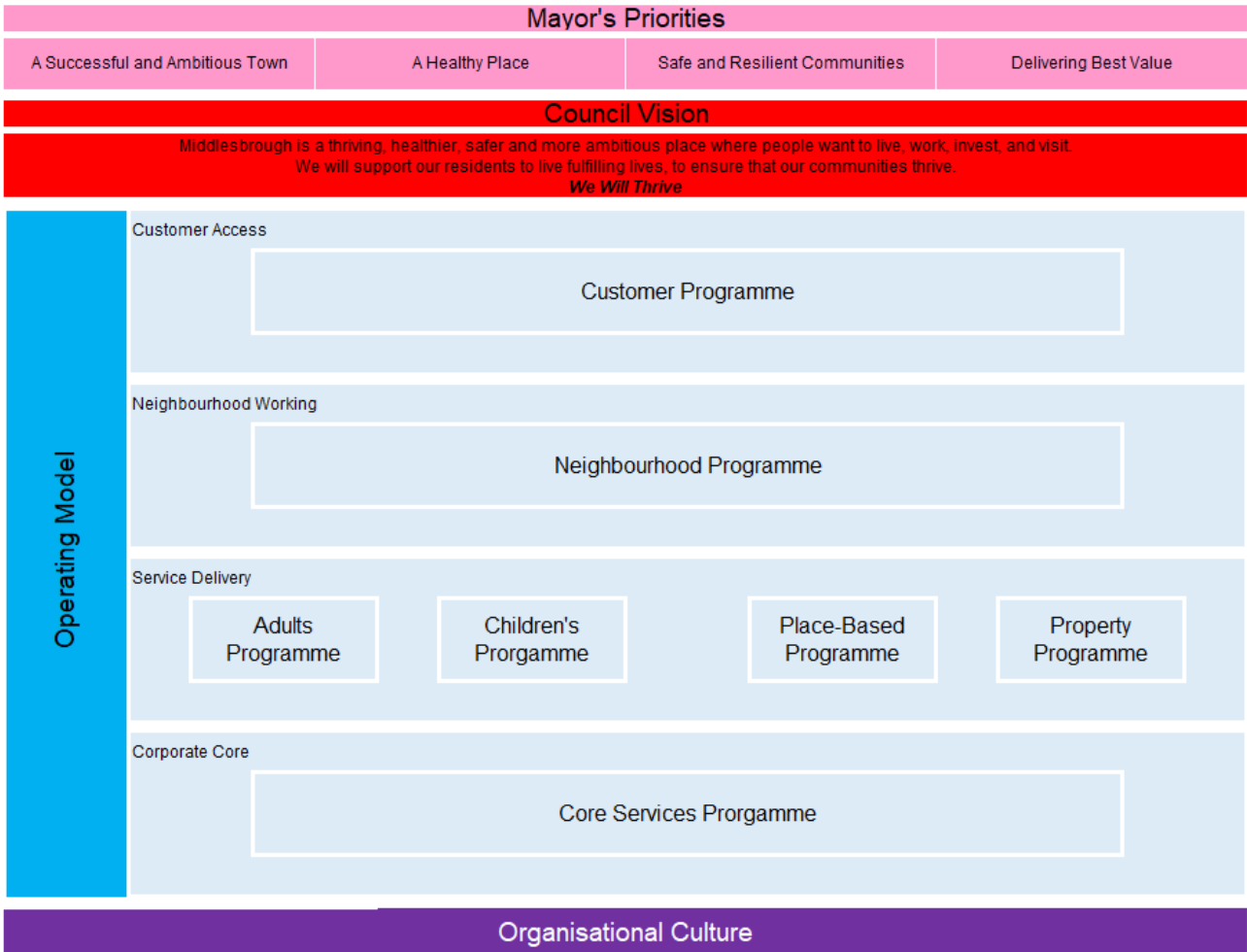
Our Values are at the heart of everything we do at Middlesbrough Council. They are a critical element of our strategy to create a brighter future for Middlesbrough, and the foundation for how we operate, interact, and make decisions.

From creative ideas, to working collaboratively within the organisation and with external agencies, to being passionate about doing things better - we can make a real difference to the people and place we serve.

Passion. We believe in Middlesbrough and are proud to work for the town.
 Integrity. We are open and transparent and treat everyone with respect.
 Creativity. We have courage to try new ideas and new ways of working.
 Collaboration. We work with others to make Middlesbrough better.
 Focus. We are clear about what we will deliver to meet the needs of the town.

8. Target Operating Model

The proposed model illustrated below and further detailed in the Appendix to this report will guide how the Council operations will be further defined to both enable the delivery of the Council’s ‘*Recover, Reset, Deliver*’ Transformation Programme, as well as determine its future target operating state, as focus shifts to continuous improvement and an improved organisational culture through its four layered approach.



Although not unique, Middlesbrough Council has experienced significant and protracted funding cuts from Central Government, with a 46% drop in one decade alone, whilst demand on services coupled with costs for their delivery has risen exponentially.

This pressure has driven the Council's need to modernise the way it delivers services and engages with the community. New approaches, utilising emerging technologies, are required to reduce costs and improve outcomes for residents to ensure that services are sustainable and that balanced budgets are achieved into the long term.

The model highlights collaborative cross cutting approaches to delivery which would see Council services redesigned around the customers we serve in a bid to reduce costs and improve the effectiveness of their experience. This would result in increased accessibility of services, reductions in repeat interactions and the provision of more sustainable solutions.

The proposed target operating model presents opportunities for dynamic, coordinated and responsive approaches to service delivery which where appropriate are cocreated with local partners.

The model intends to build in a continuous improvement cycle allowing the organisation to monitor and proactively respond to external factors, keep pace with best practice and innovation, and act in an agile manner as challenges and opportunities emerge.

The Council's current phase of the Transformation Programme is already trialling and operating under some of the guiding principles of the proposed target operating model. Its adoption would see a fundamental shift in how the Council operates, but this is deemed necessary to further the Council's transformation goals, avoid financial failure, enhance service quality, improve outcomes for residents and build credibility within the community.

9. Supporting strategies

It is crucial that the Council has a cohesive approach to all of the elements that will deliver operationally to ensure that everything it does, contributes towards the Vision, Council Plan priorities, and is aligned to the target operating model principles.

Customer: The Customer Model element of the Target Operating Model, will set out a new, customer-focused approach that removes silos, improves outcomes and reduces costs, articulated in a refreshed Customer Strategy to be brought to Executive.

Neighbourhoods: The Neighbourhood working model element of the Target Operating Model, will set out how we place ourselves in our neighbourhoods and communities to co-produce solutions with partners.

Digital: The Digital Strategy element will outline how we will better use digital technologies to achieve our goals, through a roadmap which ensures that our digital presence is current, meets user needs and is future proofed.

Further supporting operational strategies will be developed and brought to Executive, in the coming months.

10. Other potential alternative(s) and why these have not been recommended

Don't adopt the proposed Target Operating Model

This would result in a business-as-usual approach for Middlesbrough Council. It would not allow the Authority to capitalise upon the array of available opportunities for cultural transformation for the both the organisation and residents. The potential to collaborate more broadly and efficiently with partners could also be lost. Departmental structures with vertical lines of reporting would remain and the opportunities to build financial resilience could stagnate.

Adopt a portion / elements of the model

There is scope to adopt some elements of the model whilst redesigning others, however this would delay implementation and could result in disjointed and ineffective delivery in the interim. This would present a risk to the long-term credibility and understanding of the model and its outcomes for both staff and residents. Consequently, this could present financial and reputational damage to the Council and decrease standards in service delivery.

Redevelop the model

There is scope for the Target Operating Model to be redeveloped in its entirety from its current state. However, given that the proposal is for the Target Operating Model to be delivered in a phased approach which allows for continual evaluation, to ensure it is always fit for purpose, this option has not been proposed as the preferred. Rather, it is proposed that the current model can be taken forward and enhanced in consultation with staff and stakeholders.

11. Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

The adoption of the Target Operating Model is essential for the Council to operate from a lower cost base and provide best value in the delivery of services in the future.

There is a requirement for the Council to achieve financial sustainability within the resources available to it. The Council's budget for 2024/25 exceeded the funding available to it by £4.7m and the Council's budget was only balanced following a successful application for government assistance via Exceptional Financial Support. The Council's Medium Term Financial Plan report to Executive on 4 September 2024 identified a budget gap of £7.864m for 2025/26 rising to £8.749m by 2028/29. The adoption of the Target Operating Model is essential to enable the Council to achieve financial sustainability within available resources in the future.

The adoption of the model also sets the vision for the delivery of initiatives. These initiatives will have financial implications with regard to the MTFP and will be assessed at the appropriate juncture.

12. Legal

The continued design and implementation of the Target Operating Model will enable the Council to continue to deliver its Transformation Programme within budget whilst meeting its statutory duties, including the overarching Duty of Best Value.

13. Risk

The project will contribute towards the following strategic aims and objectives:

- a) Delivering best value by changing how we operate to deliver affordable and cost effective outcomes for residents and businesses;
- b) Safe and resilient communities where environments have been created to enable residents to live more independent lives, and;
- c) A successful and ambitious town where economic growth is maximised and employment and prosperity is inclusive and sustainable.

The strategic risks that will be positively impacted by having the proposed Target Operating Model in place are:

- a) SR-13: if the Council fails to transform its service delivery model to a model that can deliver outcomes for residents as at reduced cost base, then the Council's financial position will become untenable and may result in the issuing of a S114 Notice.
- b) SR09: If the Council's Corporate Governance arrangements are not fit for purpose and appropriate action is not taken to rectify this at pace, this could result, censure from the Council's auditors within a public interest report that would damage the Council's reputation and/or in Government formal intervention including removal of powers from officers and members and direction of Council spend.

14. Human Rights, Public Sector Equality Duty and Community Cohesion

Implementation of the model may require additional reports and for Impact Assessments to be undertaken. These will be brought forward for decision as necessary.

15. Climate Change / Environmental

Implementation of the model may require additional reports and for Impact Assessments to be undertaken. These will be brought forward for decision as necessary.

16. Children and Young People Cared for by the Authority and Care Leavers

Implementation of the model may require additional reports and for Impact Assessments to be undertaken. These will be brought forward for decision as necessary.

17. Data Protection / GDPR

The proposed decision does not involve the collation and use of personal data, nor would the proposed arrangements present an adverse impact on GDPR or Data Protection

protocols. Implementation of the model may require DPIAs to be completed, these will be completed as part of the process.

18. Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Map out next steps at the Target Operating Model Thematic Board	Target Operating Model Thematic Board	20.11.2024

Appendices

1	Proposed Operating Model
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Background papers

Body	Report title	Date
Council	Approach to Transformation of Middlesbrough Council	27/03/2024
Council	Transformation of Middlesbrough Council	24/04/2024
Executive	Council Plan 2024-27	28/02/2024
Executive	Cultural Transformation of the Council	22/05/2024

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