



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**Thursday, 27 July 2023**

**Report of the Executive Director - Corporate Services and Transformation**

**Portfolio Management and Transformation function – Budget virement to facilitate delivery of its Full Operating Model**  
(Cabinet Member for Corporate Services and Budget)

**1. Divisions Affected**

1.1 County-wide.

**2. Key Decision**

2.1 This is not a Key Decision.

**3. Purpose**

3.1 The purpose of this report is to update Cabinet on the delivery of the full operating model for the Portfolio Management and Transformation function and seek approval from Cabinet on the transfer of the required budget into Corporate Services and Transformation (CST) to facilitate this.

3.2 Cabinet is asked to:

- a) Approve the virement of £0.405m (Children's Services £0.073m and Adult Social Care and Health £0.332m) budget into Corporate Services and Transformation Directorate, to facilitate the Portfolio Management and Transformation function achieving its full operating model.

## **4. Information and Analysis**

- 4.1 On 2 November 2022 a report was submitted to Council titled the 'Creation of a new Transformation and Strategy Division and Recruitment of the Director for Transformation and Strategy' (minute number 72/22). This paper updated that following the appointment to the Executive Director for Corporate Services and Transformation in July 2022, the organisation was now able to implement a future operating model. This model would develop a coherent, consistent, and centrally led Transformation and Strategy Division which would be designed to enable departments to deliver sustainable and successful programmes and projects aligned to the organisation's ambitions. The paper referenced that this would involve the creation and deployment of a centralised Portfolio Management Office (PMO) and embed a consistent approach to Programme and Project management; as well as facilitate best practice and learning, and enable departments with council wide transformation skills, capabilities, and resources.
- 4.2 The Council report explained that the newly defined Director of Transformation and Strategy would lead two key functions: namely Portfolio Management and Transformation, and Organisation Strategy. The Portfolio Management and Transformation function went live on 3 April 2023 and has been building its initial operating capacity to deliver a centralised PMO that provides the organisation with robust management information on visibility of progress against plan, benefits, cost, risks and issues for its key change programmes and projects.
- 4.3 To achieve the full operating model which includes a consistent and improved approach to Programme and Project management, the process of centralising identified programme and project management resource across the organisation has taken place. The benefits to be realised from this approach are:
- 4.3.1 the ability for the Council to build a professional career pathway in programme and project management.
  - 4.3.2 to 'build our own' in house expertise that creates a sustainable model of skills and experience, and which reduces, or even ceases over time, the reliance on more expensive agency or consultancy resource.
  - 4.3.3 creates a consistency in applying recognised methodology and best practice, lifting our standards, learning and peer support to improve how programmes and projects are being managed.
- 4.4 Finally with resources in one place, the ability will be created to flex the Council's programme and project management investment for maximum

organisation wide impact, enabling and complimenting the PMO prioritisation and portfolio management approach aligned to our strategic aims and priorities.

- 4.5 This Cabinet report seeks approval to agree the virement of budget that reflects the staffing cost of the programme and project management resource transferring from other Departments into the Portfolio Management and Transformation function in CST. While some of the required staffing budget is already sitting in CST, currently a proportion of the budget is sitting within Children's Services and Adults Social Care and Health. This Cabinet report seeks agreement from members that £0.405m (Children's Services £0.073m and Adult Social Care and Health £0.332m) budget is approved to transfer to CST, and the Portfolio Management and Transformation function.
- 4.6 The details of this breakdown have been established through work undertaken with Finance to determine the accurate budget required for salary costs. Further information on financial implications, including reflecting the detail of staffing budget to support the identified programme and project management resource has been provided in Appendix 1.

## **5. Consultation**

- 5.1 No formal consultation is required to take place. Further detail around HR implications is provided in Appendix 1.

## **6. Alternative Options Considered**

- 6.1 The alternative options considered include:
- 1) Continue with the status quo of having programme and project managers dispersed across the organisation, and the budgets remain as they are.
  - 2) Continue to have programme and project managers dispersed across the organisation and the budgets remain as they are, but day to day working would now align to PMO tools, templates, and approaches.
- 6.2 Option one (do nothing) to continue with the status quo was rejected as it would not achieve our agreed vision and benefits for the Transformation and Strategy division. There would be limited improvement on our current approach, with inconsistency of good practice. There would be limited ability to flex resources for maximum organisation wide benefit, and so reduce opportunity to deliver effective portfolio management approaches. There would be no opportunity to professionalise the roles or build in career progression and development

to 'build our own', resulting in continued reliance on expensive agency and consultancy resource.

- 6.3 Option two, to continue to maintain budget and staff where they are, but request that their day-to-day working would align to PMO tools, templates and approaches was also discounted. While it would start to support improving the standards, performance, and consistency of programme and project management methodology, it would likely not be as effective, or at the required pace the organisation needs, to ensure we evidence more effective management of our key programmes and projects. In addition, there would be little peer support, learning and shared best practice across our programme and project management cohort, with little ability to introduce the resource flexibility and agility required to support effective portfolio management. Therefore, the risk of us not realising the benefits of a centralised PMO model, compared to the recommended approach, would remain high.

## **7. Implications**

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

## **8. Background Papers**

- 8.1 Council Report – 'Creation of a Transformation and Strategy Division and Recruitment of the Director for Transformation and Strategy'

## **9. Appendices**

- 9.1 Appendix 1 – Implications

## **10. Recommendation(s)**

That Cabinet:

- a) Approve the transfer of £0.405m (Children's Services £0.073m and Adult Social Care and Health £0.332m) budget into Corporate Services and Transformation Directorate, to facilitate the Portfolio Management and Transformation function achieving its full operating model.

## **11. Reasons for Recommendation(s)**

- 11.1 The benefits to be realised from this approach are:
- The ability for Derbyshire County Council to build a professional career pathway in programme and project management.

- To 'build our own' in house expertise that creates a sustainable model of skills and experience, and which reduces, or even ceases over time, the reliance on more expensive agency or consultancy resource.
- To create consistency of methodology and best practice, lifting our standards, learning and peer support to improve how programmes and projects are being managed.
- With the Council's resources in one place, build capacity to flex our programme and project management investment for maximum organisation wide impact, enabling and complimenting the PMO prioritisation and portfolio management approach aligned to our strategic priorities and aims.

## **12. Is it necessary to waive the call in period?**

12.1 No

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**Implications**

**Financial**

- 1.1 The Council's Financial Regulations states amounts greater than £100,000 per annum resulting in a virement of funds between Departments requires the approval of Cabinet. The Council's Financial Regulations also states an Executive Director may exercise virements on budgets under his/her control within their department.
- 1.2 The table in paragraph 1.6 below shows the staffing budget which already sits within the wider CST directorate of £0.104m, noting that this does not need Cabinet approval for virement.
- 1.3 The table below also reflects the staffing budget already held within CST of £0.392m which funds the majority of Children's Services programme and project management resource. The current agreement is that this budget sits within CST but is ring fenced for virement to Children's Services. This arrangement was agreed as part of the budget setting process for 2022-23, amalgamating two separate pressure bids for programme and project management resource in CST and Children's Services, where the total pressure bid would sit within CST. This total of £1.020m was approved as an ongoing budget for CST as part of the 'Revenue Budget Report 2022-23' presented at Council on 2 February 2022 (minute number 9/22e). As the £0.392m therefore already is within CST budget, it does not need to be included in the amount requiring Cabinet approval for virement as part of this paper.
- 1.4 The budget approval on the remaining virement is for salary costs (at the grade average including on costs) of programme and project management staff transferring only. No additional non staffing expenditure will be transferred into CST.
- 1.5 There are staff who have been recognised as being on fixed term contracts (FTC). As a result, there is a risk that any redundancy costs will have to be met by CST if redundancy becomes payable at the end of the FTC.
- 1.6 The detail breakdown of budget to be vired is shown below.

<b>Children's Services</b>	<b>Grade</b>	<b>Average Salary Cost</b>	<b>Number of Staff</b>	<b>Number FTE</b>	<b>Budget Required</b>
		<b>£</b>			<b>£</b>
	14	0.070	1	1	0.070
	13	0.061	4	4	0.244
	9	0.038	5	4	0.152
<b>Total</b>			<b>10</b>	<b>9</b>	<b>0.466</b>
<b>Budget held by CST</b>					<b>0.392</b>
<b>Budget vired from CS</b>					<b>0.073</b>
<b>Adult Social Care and Health</b>	<b>Grade</b>	<b>Average Salary Cost</b>	<b>Number of Staff</b>	<b>Number FTE</b>	<b>Budget Required</b>
		<b>£</b>			<b>£</b>
	14	0.070	1	1	0.070
	13	0.061	2	2	0.122
	12	0.055	1	1	0.055
	10	0.043	2	2	0.086
<b>Total</b>			<b>6</b>	<b>6</b>	<b>0.333</b>
<b>Corporate Services and Transformation</b>	<b>Grade</b>	<b>Average Salary Cost</b>	<b>Number of Staff</b>	<b>Number FTE</b>	<b>Budget Required</b>
		<b>£</b>			<b>£</b>
	13	0.061	1	1	0.061
	10	0.043	1	1	0.043
<b>Total</b>			<b>2</b>	<b>2</b>	<b>0.104</b>

## Legal

2.1 None.

## Human Resources

3.1 For the roles that have been identified to be transferred to CST, this is a change in line management only and therefore formal consultation is not required. To enable and support this realignment of roles, informal engagement has taken place with the colleagues who are undertaking the roles identified to transfer to CST.

## **Information Technology**

4.1 None.

## **Equalities Impact**

5.1 None identified at this time.

## **Corporate objectives and priorities for change**

6.1 There is a deliverable within Derbyshire County Council's Delivery Plan 2023-24 to embed the new Portfolio Management approach and framework across the Council to ensure that programmes and projects are coordinated and deliver improved outcomes and value for money. This deliverable is directly contributing to the Council's priority of high performing, value for money and customer focused services.

6.2 The virement of the budget to facilitate the Portfolio Management and Transformation function to achieve its full operating model is a contributing factor to be able to embed our new portfolio management framework effectively. With our resources in one place, the ability to flex our programme and project management investment for maximum organisation wide impact, enabling and complimenting the PMO prioritisation and portfolio management approach aligned to our strategic priorities and aims.

## **Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)**

7.1 None.