



Department
for Work &
Pensions

DEPARTMENT FOR WORK AND PENSIONS

STATEMENT OF REQUIREMENT (REVISED)

FOR

Consultancy to support delivery of DWP Target Operating Model

V0.2

REFERENCE: TBC

1. PURPOSE

1.1 This document sets out the services the Department for Work and Pensions (DWP) requires for third party expertise to assist in developing and delivering the 2025 Target Operating Model. This is a large scale and ambitious piece of work which will help to drive modernisation of DWP services over the next few years. There are two strands to the requirement:

- Develop detailed **layered Departmental Target Operating Model** with clear critical success factors and outcomes for each layer of capability drawing out how the Target Operating Model (TOM) will deliver an improved experience for customers. Define a clear **roadmap** of how we will deliver our revised TOM through a series of **Interim Operating Models** with a **clear benefits realisation case** for both the overall TOM and each IOM, critical success factors and outcomes for TOM and IOMs. This will be supported by **DWP-wide communication products** to help land core messages about our future vision across the organisation engaging with a diverse range of DWP colleagues.
- Develop proposals for how we can **transform our organisational design** to enable our service delivery colleagues to effectively and efficiently deliver the TOM and new service delivery model.

2. BACKGROUND TO DWP

2.1 DWP is the government's largest public service department touching every citizen in the country at some point in their lives. The department develops policy and supports ministers and Parliament in making crucial decisions that affect the whole of the UK and deliver life-changing services on work, welfare, pensions and child maintenance to over 23 million claimants and customers.

2.2 The Department has three strategic objectives:

1. Maximising employment
2. Improving people's quality of life
3. Delivering excellent services

2.3 DWP has drafted a Target Operating Model (TOM) for 2025 setting out our ambition for modernising how DWP will deliver services in the future to drive greater efficiencies and to deliver an improved experience for customers. Earlier this year we developed a detailed Interim Operating Model (IOM) for 21/22 which has informed our Departmental Plan. We want to build on the work already completed to develop a more detailed layered TOM and set of IOMs.

3. BACKGROUND TO REQUIREMENT

3.1 Strategic transformation of how DWP delivers services to improve outcomes for its 23 million customers is at the core of our Departmental TOM. In developing our operating model further, we are keen to learn and use the evidence and insight from other large, complex, customer-facing organisations that have undertaken similar activities. We are looking for a partner with experience of significant public and private sector modernisation, backed by a solid body of real-world evidence to help us to realise our ambitions. We are looking for a partners with proven deep knowledge of the development of operating models and communication expertise to help land our vision

for the future across the wider organisation. This will involve meeting the challenge of sequencing and positioning of activity and communications within and across a large organisation with multiple functions and multiple job roles.

4. THE REQUIREMENT

I. **Defining a detailed layered Target Operating Model with a clear Roadmap and communications plan**

We have carried out internal work to develop a draft revised set of TOM principles and initial view of our 2025 ambition. Earlier in the year we developed a detailed Interim Operating Model for 21/22. We are seeking suppliers with proven knowledge of the development and delivery of operating models for large organisations to work with us on the next phase of work. We require additional expertise to work with our Business Strategy Team in developing the **precise detail of each capability layer of the TOM**. This will include identifying outcomes, developing Critical Success Factors and metrics to demonstrate progress. Each layer should set out the current position; what is in train; and what changes might be required.

Because DWP is the only choice for customers, the TOM focuses on **improving customer experience** as our customers are often with us at the difficult points in their lives and when they are vulnerable. We need to build trust with our customers, so that they work with us to help provide better services. We need a partner who can support us to learn from other organisations to inform the customer experience we need to embed and to enable more open engagement with external organisations (e.g charities etc).

We also require support to develop a **Roadmap** in the form of a series of **Interim Operating Models** with a clear business case for each. This will be underpinned by an **over-arching benefits realisation model** for the TOM demonstrating the costs and benefits of modernisation.

We require suppliers to advise and develop options for how we can bring the Target Operating Model to life for the organisation using communication expertise to create a compelling set of **communication products** to land our vision for the future across the wider organisation.

Outcomes and deliverables include:

- development of a **detailed layered operating model by capability** including Critical Success Factors and metrics;

- **roadmap comprising a series of Interim Operating Models with clear benefits case for each** This will include linking up with the Departmental Planning Framework to identify key building blocks of change and the most effective sequential delivery in order to achieve our ambition including work that is ongoing to further develop the Service Modernisation Blueprint. It will also include working with our analytical teams to develop an **over-arching benefits realisation case** for the TOM demonstrating the costs and benefits of modernisation;
- supporting **DWP-wide communication products and an engagement plan** which set clear direction for the organisation towards the 2025 Target Operating Model and help us land core messages about our vision for the future across the wider organisation engaging with a diverse range of colleagues across DWP;
- The end products should take a DWP ‘enterprise’ wide approach, drawing together and aligning existing operating models and plans including Universal Credit, Health Transformation Programme, Child Maintenance Group and Pensions and the Service Modernisation Blueprint into a DWP-wide approach with consistent methodology.

II. **Organisation Design**

We require support to develop the **Organisational Design** for DWP service delivery that will support our TOM ambitions and the new delivery model ambition to be delivered through our Service Modernisation Blueprint along side Universal Credit and Health Transformation Programme. This needs to set out how we intentionally arrange our people, work/service delivery and formal organisational elements to effectively and efficiently transform delivery of our services.

Outcomes and deliverables include a **clear proposition for the capacity, grade mix and key capabilities needed** in DWP in order to deliver the TOM and the service blueprint; an understanding of the **choices we need to make** and the **options for change that are congruent with DWP Values**¹. This should take account of the Department’s emerging framework for outsourcing and other opportunities to create external delivery partnerships. We anticipate that the Service Modernisation blueprint requires significant structural change for Service Delivery areas with a shift away from the product centric way they operate now. Better customer experience should result in driving better employee experience as it will change the dynamic with customers,

¹ DWP values are: *We care, We deliver, We adapt, We work together, We value everybody*

making work simpler and faster and improving morale, recruitment and retention. Exposing the scale of this shift as part of this work will be key.

DWP has a set of architectural products it uses to ensure all business and service designs are built and delivered in a consistent manner and which align with the department's vision. For example, the Departmental Business Capability Model which describes all the activities DWP needs to undertake in order to deliver its objectives.

Before considering the use of any architectural artefact in support of developing business and/or service design with the Department, all suppliers must ensure that they will not conflict with, or seek to establish intellectual property over, any existing products.

Suppliers must agree the set of architectural products they will use with the DWP lead stated, for the work being undertaken. The Departmental Business Design product set provides an outline of the overall design and contains more detail about each specific Business Layer i.e. our customers, channels, products, processes, information/data, technology, people, organisation and location.

4.1 The Supplier should:

- have a proven track record and relevant capabilities in development and delivery of operating models and roadmaps and organisational re-design. In particular bids will need to demonstrate how supplier's interventions have created lasting, measurable outcomes for other clients in each of these capabilities;
- have experience of best practice in delivering large-scale transformational change in the private and public sectors;
- be skilled in engaging with senior stakeholders;
- be able to mobilise resources and begin the project at the earliest possible date after the contract is signed and agreed; likely mid-August 2021
- be able to provide a blended team with appropriate access to senior personnel as and when required during the project

5. PROJECT DELIVERABLES

5.1 The Supplier is required to deliver:

- An over-arching plan reflecting the deliverables below and progress towards achieving them.

- Regular checkpoints on progress across all three strands of work with the Director-level Senior Oversight Group. This may also include presentations to DWP's Executive Team.
- A detailed Target Operating Model with layers by capability along with a set of precise Critical Success Factors and outcome measures for each layer.
- Refined cost and benefit estimates for the Target Operating Model based on the SR and Programme Business Cases;
- Departmental-wide Roadmap for delivery of the Target Operating Model via a series of Interim Operating Models with benefits case for each and measures and metrics to demonstrate progress towards transformation. Recommendations on the most effective sequential delivery of transformation in order to achieve our ambition
- High quality communications products with a clear engagement plan that resonates across both Corporate Functions and Service Delivery.
- Transfer of knowledge and capability to business Strategy Team and wider DWP in development of Operating Models
- An Organisational Design for DWP service delivery that will support our TOM ambitions and a new service delivery model including a clear proposition for the capacity, grade mix and key capabilities needed in DWP in order to deliver the TOM and the service blueprint and an understanding of the choices we need to make as an organisation of how we intentionally arrange our people, work/service delivery and formal organisation elements to effectively/efficiently transform delivery of our services. This should include a clear articulation of what needs to be true in terms of tech/process/data/people to achieve the preferred choice/option.

6. TIMESCALES

6.1 This activity is planned to commence w/c 23/08/2021 and conclude w/c 28/03/2022. There are three phases for the work:

Stage 1: August - October: Initial 6 week sprint on the development TOM which will include defining the layers of the TOM and setting out plans for development of the Interim Operating Models. Commence work on Organisational Design

Deliverables for the Initial 6 week sprint (6 September -15 October 2021)

1. Syndicated current and future state TOM

- A high-level definition of the current and future state for the 5 capability layers, giving key elements, and what it means for customers and staff
- These will be developed through discussions with the ET, working through options and trade-offs to reach directional decisions, with any final details to be resolved in stage 2 should DWP decide to take this project forward to stage 2.

2. Target outcomes for the TOM

- Defining objectives, with clear, measurable targets, including preliminary estimates of costs & benefits, and indicative customer experience & operational outcomes
- Estimates and assumptions, which can be used to develop models, scenarios, and understand the impact of the TOM vs the 'continue as is' momentum case

3. Building blocks

- A clear view of key initiatives to deliver and implement the TOM, and the building blocks of work that makes up each initiative.
- Blocks will be graded based on expected impact (e.g. cost / benefits), category (e.g. foundational element), and complexity, to aid sequencing and work planning in Phase 2
- This will culminate in a view that will be expressed as a roadmap, designed for wider consumption across the department, to inform decision-making.

4. Dependencies and Synergies

- Initial mapping of dependencies between the building blocks of work, identifying opportunities for synergy as well as risk
- Workshops to help stakeholders understand priorities and agree how the initiatives will mesh

Product deliverable by 15 Oct (end of 6 week sprint):

- **Slide pack** which defines a high level TOM, developed by layer and a summary customer and people experience, likely presented to ET to agree approach and next steps. Including section taking the form of a roadmap at a high level, with a more detailed view of cost / impacts, dependencies and synergies. Content will be developed through workshop sessions (including an initial face-to-face session) and individual 1-1 discussions with ET members and relevant Directors.

Time frame: Checkpoints with REDACTED at 2 week intervals from start of the 6 week sprint. REDACTED to confirm progress on products.

Measure: REDACTED to decide whether standard met at end of the 6 week sprint.

5. Plan to deliver IOMs

- Work plan to move forward with the design and implementation of interim operating models, by applying a set of agreed phasing criteria to the initiatives and building blocks

Product deliverable by 15 Oct (end of 6 week sprint):

Paper outlining the options for how we might take forward a more detailed operating model / interim operating models for the organisation based on the 6 weeks sprint.

To include elements like communication and engagement materials and plans to support the development of the TOM to a further level of detail

Time frame: Checkpoints with REDACTED at 2 week intervals from start of the 6 week sprint. REDACTED to confirm progress on products.

Measure: REDACTED to decide whether standard met at end of the 6 week sprint.

6. Key deliverables for OD in Sprint 1 (to start w/c 13/9/21 or 20/9/21)

- Working with DWP personnel to build a compelling case for change, identifying the opportunities and shifts required to meet the adaptive challenge faced by DWP
- Define the key design principles that will link strategy and operating model choices to the service delivery organisation design
- Lay out a spectrum of choices for decision makers aligned to the TOM, to frame the analysis needed to see in subsequent phases to lock down a decision on the OD
- Build a clear fact base of the current service delivery workforce, utilizing the workforce data to create a working baseline for further detailed OD, opportunity analysis and benefits tracking.
- Create a clear plan of priority further design activity and stakeholder engagement for stage 2

Time frame: Checkpoints with REDACTED at 2 week intervals from start of the 6 week sprint. REDACTED to confirm progress on products.

Measure: REDACTED to decide whether standard met at end of the 6 week sprint.

7. Knowledge transfer

- Delivery of a 6-week team-wide capability-building plan for Business Strategy and People and Capability Teams and potentially teams in the wider department (including Policy, Service Modernisation and Strategic Finance). The content is to be determined, but potentially focusing on the following:
 1. Understanding strategy (an introduction to strategy)
 2. Future thinking (creation of a vision)
 3. Strategic planning (from concept to reality)
 4. Effectively using and presenting data
 5. How to effectively communicate a vision (including visualisation and presentation skills)

- Programme to take the form of weekly upskilling sessions on areas identified, a series of virtual 'go sees' (both mandatory for BSD with extended invites to relevant teams in the wider dept.)
- Buddying and coaching for the Business Strategy and OD team

Time frame: End of Phase 1

Measure: REDACTED to decide on whether knowledge has been increased based on DWP Colleague Feedback from their teams.

Note that on completion of Stage 1, DWP will carry out an internal review to decide on progression to Stages 2 and 3. Clear deliverables for Stages 2 and 3 to be confirmed on completion of Stage 1.

Stage 2: October - December: agreeing the detailed layers of the TOM along with Interim Operating Models with clear benefits case for each, culminating in finalised Roadmap and communications products by end December. Products will need to reflect the outcome of the SR. Continue work on organisational design.

Stage 3: January to March 2022: focus on completion of work on the Organisational Design along with further work on communication and engagement for the TOM.

Costs should be broken down by the two strands of work (Development of the TOM and Organisational Design) and by each of the three timed stages set out above.

7. OTHER REQUIREMENTS

7.1 Staff used to deliver the service will be required to provide non-disclosure agreements.

8. INTELLECTUAL PROPERTY

8.1 The materials, products and reports developed by the Supplier during the delivery of the Services will become the intellectual property of the Department, and will be freely able to be re-used within the Department for any future requirement.

9. LOCATION OF THE SERVICES

9.1 The base location for this project will be Caxton House, Tothill Street, London, SW1H 9DA – although we expect some activities will be conducted remotely depending on post-Covid working arrangements.

10. DWP OBLIGATIONS

10.1 Senior sponsors for this work are REDACTED

10.2 The Department will provide access to the relevant stakeholders to enable the Supplier to undertake any necessary review activity and deliver the Services.

The Department will also provide administration support in order to co-ordinate DWP stakeholders and arrange meetings.

- 10.3 The Department will provide the Supplier with secure access to the relevant materials and information to enable the Supplier to perform the Services of the contract.

The Department will provide access to DWP premises for the Suppliers staff in order to deliver the Services if necessary – but it is expected that the work will be conducted via a combination of virtual and face-to-face dependant on post-COVID working arrangements.