CORPORATE CHANGE PROGRAMME – PHASE 2

Background

1. This paper invites SLT to consider the priorities for Phase 2 of the Corporate Change Programme. The Corporate Change Programme is a strategic programme supporting the Organisational Health element of the Strategic Plan. Contact: Ken Hughes, ext 85173.

Timing

2. SLT’s endorsement of the proposed scope of Phase 2 of the Corporate Change Programme is required to enable detailed planning and the workstreams to get underway in May 2009.

Discussion

Purpose

3. The CCP aims are to prepare the organisation for the future, and ensure that it remains agile and responsive. Phase 1 put in place many of the enablers for this, including structural change, the VER/VES scheme and a new strategic plan and revised project governance arrangements. Phase 2 of the programme will seek to embed the changes delivered by the first phase.

Phase 1

4. Phase 1 comprised six workstreams as follows:

- Strategic Plan
- Structural Issues
- Systems and Processes
- Programme and Project Governance
- Programme and Internal Communications
- Corporate Risk Management

Of these workstreams, the initiatives on the Strategic Plan and corporate risk management were completed by the end of April 2009 (with the exception of some work to be undertaken on the strategic, operational and project planning processes) and thereafter will represent core activities or ‘business as usual’. The remaining four workstreams will form the core of Phase 2 as set out below.
Change Management – Opportunities and Risks

5. In a paper written for the Clerk/Chief Executive in late 2008, the Programme Team noted that the rollout of the new senior management structures and the outcome of the VER/ES scheme would potentially deliver unprecedented change for the Scottish Parliamentary Service (SPS). Whilst these initiatives were envisaged as generating new opportunities by helping to reinvigorate the organisation and creating staff ‘churn’ and possible options for further structural and business change, they were also seen as carrying significant risks for the Parliament. The risks identified in the paper were largely concerned with the reduction in the number of Grade 8 and Grade 7 posts and the VER/ES scheme, such as the loss of key staff, disenchantment/disillusion amongst unsuccessful VER/ES applicants and possible uncertainty/disruption in business areas experiencing significant staff ‘churn’.

6. These risks have not been realised as a result of the structural changes and VER/ES scheme. Arguably, the key challenges or risks now associated with the Corporate Change Programme are those linked with implementing and embedding the structural changes and delivering the necessary cultural and behavioural changes to make the new senior management structures and roles work effectively as well as streamlining or eliminating the unnecessarily bureaucratic systems and processes identified in the first phase of the Programme. With this in mind, as well as developing new areas of work identified in Phase 1, Phase 2 will also be required to review and monitor the ongoing implementation of outputs from the initial phase of the Programme.

Scoping Phase 2

7. The aims and objectives for Phase 2 will be as follows:

- To consolidate and review Phase One in terms of structures, roles and responsibilities;
- To continue to promote and improve organisational agility in relation to systems, processes, culture and behaviours.

8. Workstreams for Phase 2 will include the following:

- Post Implementation Review of Phase One;
- Structural Issues – Organisational Development;
- Systems and Processes;
- Programme and Project Governance;
Post Implementation Review of Phase One

9. The format, methodology and associated measurements/benchmarks of this will need to be agreed in due course but we anticipate that it will cover the following:

- New senior management structures and roles;
- PA/PS support arrangements for Grade 8s and 7s;
- Framework for office reviews;
- Internal Communications Strategy;
- Strategic planning processes – new KPIs, links between the Strategic Plan and Group Plans, new project governance arrangements.

10. The review will be undertaken in November/December 2009.

Structural Issues – Organisational Development

11. We suggest that this workstream is now renamed ‘Organisational Development’ as the sensitivities when this work was initiated are no longer extant. Assistant Clerk/Chief Executives may be interested in the attached paper which summarises key themes from Transforming Your Authority – Creating Real and Lasting Change: An Organisational Development Resource Document for Local Government, produced by the Office of the Deputy Prime Minister in 2005.

12. This workstream will need to focus on the consolidation of the new structures and roles, including further refinement of the remits, structure and procedures of SLT and OMG. This will include further joint meetings between SLT and OMG to further develop the dynamics between the two management groups and to ensure that senior management structures are working effectively. Aspects of this work will also include the Leadership Development Programme, with continuation of the programme for Grade 8s and Grade 7s (including taking forward the outcomes of the 360 appraisal exercise and facilitating further coaching for their new roles) and the development and rollout of a similar programme for Grade 6s (mandatory) and Grade 5s (on an elective basis). There is a link between this work and the cultural and behavioural issues to be addressed in the systems and processes workstream (see below).
13. In addition to monitoring and reviewing the implementation of the roles and structures established in Phase 1, the following new areas of work will be pursued:

- Talent management/leadership potential strategy. We will first need to agree our understanding of talent management and how this fits with other initiatives and issues which this might raise for the organisation.

- SPMN - although this has been recently re-launched, the Clerk/Chief Executive has invited views of SPMN members on the purpose and format of the group. Current thinking is that there should be four meetings per year, two of which are developmental and two of which focus on current issues/themes such as the strategic planning process. This work will be brought within the Corporate Change Programme and will continue to be led by Alli Williams.

Systems and Processes

14. From the outset of the Corporate Change Programme, we envisaged that the bulk of this workstream would be taken forward in Phase 2. Scoping work has already been carried out (as part of phase 1) which has identified some key areas to be addressed. Priorities for Phase 2 will include:

- **The Performance Management System:** Further analysis to identify specific concerns is being carried out with OMG. Ken Hughes will lead a review to identify possible process improvements which can be delivered by the end of the year and can be implemented in the 2010/11 reporting year with a full review of the performance management system to be carried out in the long term, after the conclusion of the HR Change Programme.

- **Cultural and Behavioural Issues:** The scoping work carried out to date has captured a range of cultural and behavioural issues, for example around empowerment, trust and parliamentary awareness. Addressing these will be challenging and certainly not achievable in the short term. Further work is required to assess how this might be approached but our initial thinking is that focusing on customer service and decision making in the organisation might represent a way forward in Phase 2. This work could focus on the need to develop a common understanding of customer service, ensure that decision-making is at appropriate levels and deliver an improved service to Members. The work will identify improvement themes as well as consider the establishment of improvement teams to tackle cross-cutting issues. There is likely to be a role for OMG in
leading and monitoring this work. We will also look at drawing on elements of a quality management model for application in the Parliament.

- **Framework for Office Reviews**: This work, which began in Phase 1, will be finalised and signed off.

**Programme and Project Governance**

15. The new strategic and operational portfolio arrangements have now been established. Work on agreeing the realignment of the project approvals and budget process was also completed in phase 1. Key themes for Phase 2 include the following:

- **Operating the Portfolios**: now that the new structures have been agreed, a key part of phase two will be putting the theory into practice. Practical development of the systems is required, along with business change to ensure the new practices are embedded successfully. Proposals are currently being examined to see how development of tools and templates could help with this, as well as keeping project bureaucracy to a minimum. The operation of the new portfolios will also form part of the Post Implementation Review of Phase 1.

- **Streamlining Projects**: Turner and Townsend reported a perception in the organisation that there are too many projects, with a significant number being wrongly defined as such and actually representing core business. The systems and processes workstream has also reported issues around project closure and benefits management/realisation. Now that the new portfolio arrangements are in place, work will now focus on reviewing the number of projects with a view to weeding them.

- **Programme and Project Management and Support**: With the emphasis on strategic programmes in the new arrangements, we need to ensure that our programme management and support arrangements are appropriate and adequately resourced. For example, we could review the potential benefits of adopting the OGC’s P30 methodology (Project, Programme and Portfolio Offices) This would help us examine the organisations requirements for central support to the strategic programmes as well as how to better support the management of projects at both operational and group levels. Along with this would be the use of the accompanying P3M3 model for measuring our Project, Portfolio and Programme Management Maturity. We will also examine the benefits of implementing the Managing
Successful Programmes (MSP) methodology for the strategic programmes. This not only helpfully focuses on benefits realisation but training is also available from a range of providers.

- **Programme/Project ‘Gateway’/Peer Review Arrangements:** Again the focus on strategic programmes implies that we should assess the requirement for some form of systematic programme/project assurance. A range of options could be examined from developing the current internal ad hoc arrangements (such as the reviews already carried out of the IMS Programme and Business Continuity Project) through to engaging with the Scottish Government’s OGC accredited Gateway Hub.

**Programme and Internal Communications**

16. The draft Internal Communication Strategy is being considered by SLT at this meeting. Subject to agreement of the strategy by SLT and SPCB before the summer recess, we will monitor the implementation of the strategy and action plan as part of this workstream in phase 2.

17. This workstream also encompasses communications in relation to phase 2 of the programme. More detail on this will be included in the amended PID.

**Programme Management**

18. We are in the process of drafting a ‘lessons learned’ report on Phase 1. Benefits realisation from Phase 1 will also form a focus for Phase 2 and will feed into the post-implementation review in late 2009.

**Resource Implications**

19. The Corporate Change Programme will continue to be supported by the Strategy and Development Office, the Projects and Best Value Manager and 50% of a Grade 6 Programme Manager. There is no specific budget for the Programme and staff costs are being met from existing resources.

**Dependencies**

20. There are dependencies with the work on Members’ needs (see above) and also with the HR Change Programme in relation to the review of the performance management system.
Equalities Implications

21. There are no equalities implications at this stage. The input of the Equalities Manager will be sought in the further roll out of the Leadership Development Programme to Grade 6 and Grade 5 staff and in developing talent management proposals.

Publication Scheme

22. This paper may be published.

Next Steps

23. If SLT endorses the proposals in this paper, Phase 2 will get underway immediately with detailed planning to be completed and the Programme Initiation Document (PID) will be updated in due course.

Decision

24. SLT is asked to endorse the proposed workstreams for Phase 2 of the Corporate Change Programme.

Ken Hughes
SRO, Corporate Change Programme
May 2009
CORPORATE CHANGE PROGRAMME – ORGANISATIONAL DEVELOPMENT

Purpose

This note sets out the key themes of relevance to the Corporate Change Programme from Transforming Your Authority – Creating Real and Lasting Change: An Organisational Development Resource Document for Local Government, produced by the Office of the Deputy Prime Minister in 2005.

Key Themes

Although aimed at local authorities in England and Wales, the document provides a useful insight into organisational development and some of the tools and approaches which can be utilised to deliver change. There are some particularly useful sections on leadership, organisational performance and cultural change.

The following areas and themes are of particular relevance to the Corporate Change Programme:

Organisational Development (OD)

OD is defined as

>The practice of planned intervention to bring about significant improvements in organisational effectiveness.

This definition is broken down further with the following components:

- OD methodology is scientifically based and requires a process of data gathering, diagnosis, feedback, intervention and impact assessment;

- The changes sought by OD are at a whole system level, with sustainable changes in culture;

- The goal of OD is to enable organisations to enhance their effectiveness; to continually mature in response to changes in the external; to improve business performance through positive changes to people management, competence, communication, systems and structures;

In simple terms, the emphasis of OD is on the development of the organisation as a whole, not development in a part of the organisation or unconnected development across the organisation.

OD favours:
• Dealing with causes over dealing with symptoms;

• Working with whole systems rather than parts of them;

• Delivering changes in culture rather than changes in behaviour;

• Change of a system rather than changes in a system.

The document recognises the key role played by HR in OD but notes that the HR function is not responsible for leading OD: this is the responsibility of the leadership team and other leaders in the organisation (see further below).

The document sets out a six stage OD methodology as follows:

• Data gathering (for example, the Members’ Needs Survey and the Turner and Townsend report);

• Feedback to the organisation (SMT awayday, SPCB and Directors’ consideration);

• Diagnosis of the situation;

• Design of an intervention;

• Implementation;

• Assessment of the impact.

In terms of the Corporate Change Programme, we are now in the fifth stage.

The document sees OD as a ‘never-ending process to maintain the health, relevance and effectiveness of public sector organisations’.

The Importance of Leadership

OD will only be sustainable and effective if it is right for the organisation concerned and supported by those who will have to carry it through. Throughout, the document emphasises the importance of the leadership team in delivering successful OD and real and effective change:

Successful change involves transforming the way the organisation thinks. This means leaders must agree to commit themselves to OD initiatives and then express the purpose of the change in a way that the rest of the staff find compelling and which justifies the upheaval and uncertainty that comes with large-scale change.

Senior management must be at the forefront of the change process, setting the challenge, defining the goals and shaping the approach. There must be
ownership of the OD agenda at this level, otherwise this signals to the rest of
the organisation that the change agenda is unimportant:

There needs to be a match between the values talked about and the
values lived; you are what you do, not what you say. Hence what works
in developing organisations, in helping them to shift pattern and
structure, is for leaders to lead the process of thinking and acting
differently.........The best way to create innovation is to lead by
example.

This would seem to support the approach for developing a new competency
promoting corporate values and corporate working as well as reviewing some
of the existing behavioural indicators for the current competencies.

The document also lends support to the work to develop a leadership
development programme and to delegate greater operational responsibility to
Grade 7 staff:

Leaders who see themselves as solely responsible for trying to move a
whole organisation are almost certainly failing to tap into a rich source
of people further down the organisation who are impatient for change.
Identifying and empowering these people is an important part of
building change capacity and developing the leaders of the future. This
is partly about delegation, making sure the work happens at the right
level, and giving people the skills, encouragement and power to make
things happen for themselves and the rest of the organisation.

There is a short section on the importance of establishing a good and close
working relationship between elected members who play a leadership role
and the senior officials:

The way elected members and staff relate at all levels is an important
part of effective OD. For the senior political and managerial teams to
have a common vision and purpose and be able to create a climate of
mutual understanding and respect (....) is essential to achieve and
sustain improvement.

Delivering Effective OD – the Need for Ambition and Effective Change

OD is at its most effective when it is

- ambitious rather than small-scale;
- well resourced;
- tailored to the organisation’s local environment;
- everyone involved understands its purpose.
Whilst significant improvement can be achieved through incremental change, the OD approach advocates aiming for a step change to achieve organisational transformation.

Any transformation must be underpinned by a sufficiently compelling or ‘disturbing’ reason for change. Programmes which are able to deliver real change are:

- Visionary – they convey a future state which is attractive and compelling and which can secure ‘buy in’ from staff and stakeholders.
- Concrete – the purpose should be stated in real terms which specify what stakeholders will receive or experience as a result of the change;
- Contain the essence of the organisation’s original purpose

Improving Organisational Performance

There is a single chapter devoted to this subject. Again the document advocates large scale change which is revolutionary rather than evolutionary. The document lists a number of interventions which can be used:

- Strategic reviews;
- Performance management development (organisational and individual);
- Structural reviews
- Communication strategies;
- Leadership development;
- Community engagement (specific to local authorities but there could be some read across to our work on Members’ needs and public engagement).

The Role of HR and People Management

The document reinforces the direction in which the Parliament’s Personnel Office is being driven through the HR Change Programme and through the implementation of the functional and structural review and realignment project in particular. Specifically, the document notes that to make a successful contribution to OD, HR professionals need to underpin change by focusing on the organisation’s business needs and priorities rather than concentrating on procedures, administration and provision of services to managers.

In the context of an effective OD strategy, the strategic [HR] partner role is probably most critical. To meet the expectations of this role, the emphasis for the HR service must be to move away from a focus on procedures, administration and provision of services to managers, towards a service focused on business issues and working with managers (board level and front line) to deliver performance targets.
Achieving Cultural Change

The document states that to achieve successful cultural change, several different strategies need to come together to 'steer the organisation in one direction, the direction set by the vision and values of the organisation'. The strategies should address:

- Objectives – what the organisation is trying to achieve;
- Structure – how it organises itself to achieve its purpose;
- Business processes – how it organises and carries out its work;
- Leadership – style of leadership;
- Reward systems – how the organisation recognises and rewards high performance and how poor performance is addressed;
- Skills and values – ways of working promoted by the organisation and skills of its staff.