

Capacity Building

Outline business case/short-term implementation plan Report to PDP C

22 June 2009

Introduction

The report prepared by the Capacity Building Working Group was initially considered by PDP C at its meeting on the 26th March 2009. PDP C requested further work to produce an accompanying phased and costed implementation plan setting out how local government can best address capacity building needs up to the RPA and beyond.

Addressing capacity is vital to ensure the effective and efficient transition and the sustained success of the new councils. A comprehensive capacity building programme, for both elected members and officers. Significant investment will be required to ensure its delivery.

Accordingly, a task and finish sub-group of the Capacity Building Working Group was established to develop the necessary implementation plans and identify the resources required to ensure effective implementation.

This report sets out an initial outline business case and implementation plan (up to March 2011) to build capacity for transition, focusing particularly on the capacity building needs of those people who are directly involved in the established RPA delivery structures and with responsibility for driving forward the RPA implementation process at the local level e.g. Transition Committee, Transition Management Teams and other key people involved in addressing important strands of work e.g. HR, finance, policy and IT professionals.

Context

The implementation plan (attached at Appendix 1) seeks to facilitate and support the development and strengthening of the capacities of political leaders, officers and institutions to enable the effective implementation of the RPA recommendations and the smooth transition to the new local government configurations. The implementation plan provides a high level framework which identifies the key areas of capacity needs, their relative priority and associated costs.

It is important to recognise that the proposed capacity building programme needs to be rolled-out on a phased basis with the key areas of work prioritised and aligned with the overall RPA implementation programme. Clearly, the nature and extent of the capacity needs and supporting activities will evolve as we move through the implementation and transition process.

Resources and efforts should be focused to achieve the following objectives:-

- To support the effective and efficient delivery of the RPA process and the embedding of new council arrangements post 2011;
- To minimise the risks (e.g. misalignment of activities; lack of conformity with emerging legislation and guidance; delays in the overall RPA programme; inefficiencies and duplication of effort) attached to the ineffective management of the RPA implementation process;

- To identify the core competencies and skills required to successfully deliver the RPA reform process;
- To provide an understanding of the nature and extent of the capacity needs of local authorities and to identify current gaps;
- To identify learning and development interventions that could be applied to address such gaps;
- To provide recommendations on a capacity building framework to provide coherence in the delivery of necessary capacity building activities;
- To develop an effective delivery model that will incur maximum benefit to the sector and enhance the ability of elected members and officers to successfully implement the RPA process;
- To enhance the overall capacity of the local government sector; and
- Inform the work being undertaken by PricewaterhouseCoopers with regard to the development of a business case for necessary funding to support RPA implementation.

Initial capacity building programme – number of participants

Based on current membership details on Transition Committees and Transition Management Teams (including designated change managers) the scale (i.e. numbers) likely to be engaged in the initial capacity building programme is in the region of 230. It is anticipated however that the final figure may be around 280 participants once the structures are fully populated.

Timing

The success or otherwise of the overall RPA programme and the reconfiguration of local government will be dependant on the capacity of the sector to accommodate the necessary change associated with the reconfiguration process. The urgency of rolling out an appropriate capacity building programme cannot be underestimated.

As outlined in the proposed implementation plan attached at Appendix 1, there are key capacity building interventions required at different stages of the RPA transition process. For example;

- The **pre-transition period** (up to March 2010): greater emphasis on awareness /familiarisation around key areas of concern. It is envisaged that such activity would have minimal associated costs.
- The **transition period** (April 2010 to April 2011): enhancing political and executive leadership and developing best practice frameworks and models to assist with the RPA transition process. This will be costly to implement.
- The **post transition**: councils will need to adopt and embed systems, processes, practices and frameworks to ensure effective and efficient service delivery

Appendix 2 sets out an indication of the types of capacity building activities which should be progressed during each of the aforementioned stages of transition.

The effectiveness of the capacity building programme to be taken forward will be heavily dependant on the level of resources committed. It is the understanding of the Working Group that the DoE will be making a comprehensive funding bid to the Department of Finance and Personnel to support the overall RPA implementation process. It is

recommended that the costs identified for capacity building are incorporated in the economic appraisal to be undertaken.

Methods/Types of capacity building initiatives

- **Peer support** e.g. establishment of peer support networks which support the sharing of best practice
- **Developing models and blueprints** e.g. development of OD frameworks, general toolkits and the provision of practical guidance (not directives) which support local authorities in the RPA implementation process
- **Networks and sharing of best practice:** e.g. sharing learning and best practice from the experiences of other jurisdictions that experienced similar reform processes
- **Leadership and management development programmes** e.g. enhancing the leadership and management capacity and skills of those individuals tasked with responsibility for the RPA implementation process
- **Awareness sessions** e.g. raising levels of awareness and understanding around key RPA related issues such as community planning and well-being

Capacity building will not be effective or efficient if it is delivered through ad-hoc training and short-term initiatives. There is a need for a co-ordinated leadership capacity building programme for elected members and officers and this will require substantial investment, as an integral component of the overall RPA programme.

Key areas requiring capacity building

- Key areas that require capacity-building initiatives should be considered in a flexible and transparent manner, based on a regional approach. The approach needs to take account of the different situations, needs, capabilities and stages of development of each Transition Committee and Transition Management Team, as well as the different types of generic skills required to implement a major change programme such as the RPA.
- The implementation plan is two tiered. Firstly to address the generic capacity and skill requirements of the sector, including the needs of those from transferring functions, as well as considering the individual capacity needs of Transition Committees and Transition Management Teams. The implementation programme will promote synergies between different initiatives related to capacity building and where possible encourage group based development.

BUILDING CAPACITY FOR TRANSITION

- As recommended in the capacity building report, immediate work is required to develop support for those elected members and officers who are responsible for taking forward the RPA transition process. The following section sets out the various strands of work which the sub-group believe need to be taken forward as a matter of urgency, being mindful of external drivers and key milestones within the RPA process.

Strand 1: Early clarification of the full role and remit of the Transition Committees in order to identify and assess appropriate capacity building interventions to ensure members are fully equipped to lead and deliver within the change process

- In drafting the implementation plan (attached at Appendix 1), the working group considered the recent Advisory Note (Circular 07/09 'Local Government Reform - Transition Committees & Transition Management Teams; key tasks & milestones'), circulated by the Department. Within the context of the identified list of tasks to be carried out by Transition Committees during both the voluntary and statutory transition period, the working group recommends the following priority areas when rolling out a program of awareness raising sessions over the next 6 months.
 - Understanding HR issues (TUPE, vacancy control & recruitment and selection)
 - Understanding and managing organisational change
 - Understanding employee engagement
 - Fundamentals of effective financial planning
 - Fundamentals of effective performance management
 - Governance arrangements
 - Service delivery planning/improvement
 - Organisational development
 - Fundamentals of project management
- Potential providers might include IDeA, Solace Enterprises, CIPFA and CIPD.
- In the medium to longer term it is recommended that a leadership capacity building programme is developed and implemented for Transition Committees, Transition Management Teams and appointed Change Managers. It is recommended that the programme is delivered as stand alone modules allowing for the current varying levels of capacity across local government.

Planned provisions

- It is important to recognise that work is already underway within the local government sector to explore and take forward capacity related activities/programmes. For example, over the coming months the Local Government Training Group (LGTG) intends to implement a support programme for Local Government Chief Executives in relation to their engagement with Transition Committees. It is also the intention to provide Chief Executives with awareness sessions on pertinent HR issues such as vacancy control and recruitment and selection. Awareness sessions on TUPE have taken place with key HR staff and similar sessions on vacancy control and the associated recruitment and selection process are planned.
- It is recommended that these activities form part of the overall capacity building programme.

Strand 2: Required competencies and a skill set to be agreed for the Transition Committees/Teams and action taken to ensure each Committee/Team has the necessary competencies.

- The group has highlighted the existing 'Political Skills Framework' as a model of best practice. Accordingly, it is recommended that development activities around the six core skills areas (i.e. community and leadership, regulating and monitoring, scrutiny and challenge, communication skills, working in partnership and political understanding) are built into the capacity building programme.

Work should be undertaken to adapt the existing best practice framework to create a bespoke Political Skills Framework model for Northern Ireland. Further adaptations may be made by the respective Transition Committees to take account of their individual circumstances. It is worth highlighting that the 'Political Skills Framework' has been tailored to reflect the bespoke needs of elected members in Belfast City Council. .

Strand 3: The development of briefing and engagement arrangements for elected members to meet the immediate challenges of supporting Transition Committees

- It is recommended that a series of workshops and seminars around the knowledge and skills to deliver new/transferring functions e.g. planning function are developed for Transition Committees, management teams and change managers.
- These can be delivered at a regional level and/or a local cluster level, if required.

Strand 4: Identification of a Change Manager within each of the new structures- to lead, direct and facilitate the change process in conjunction with the Transition Committees

- It is recognised that work is progressing in terms of each structure appointing a Change Manager to lead, direct and facilitate the RPA change process working alongside Transition Committees and Transition Management Teams.
- It is recommended that each Change Manager avails of the relevant development activities as a matter of priority.

Strand 5: Commencement of work to address both severance issues e.g. loss of key knowledge and skills and members succession planning needs

- Work should commence on developing a succession planning framework to seek to address the potential loss of knowledge and skills as a result of members ending their local government career during transition to the new councils.

Strand 6: Capacity building needs of transferring staff

In excess of 1,000 employees will transfer to the new councils from organisations currently outside the local government sector. A familiarisation process should take place for all transferring staff in relation to the key workings of local government. The sub-group therefore recommends that an induction programme is developed by existing council resources/LGTG for transferring staff to include issues such as:

- the role of local government
- the role of elected members
- the decision-making process/governance arrangements
- how the transferring functions will be integrated into local government

- key council policies and procedures e.g. HR; finance; performance management; and learning and development

In addition to these general induction needs it is also recognised that transferring staff who are managers may require more specific training and development around the above areas. A programme of activities should be designed and delivered by existing council resources to address these needs.

Strand 7: Identification of an overarching approach to project management

- At a formal level member development is supported by the Northern Ireland Local Government Association (NILGA) and officer development is supported by the Local Government Training Group (LGTG). As highlighted in the capacity building report there is an opportunity to put joint member-officer development activities in place and both NILGA and LGTG have committed to work in partnership to support this. There is however a need for an overarching formal structure that is accountable for the management and effective implementation of the capacity building programme (for both members and officers).
- There is also a need for Transition Committees, Transition Management Teams and change managers to increase their existing knowledge of the fundamentals of project management.

Funding

- At this stage it is worth reiterating Minister Foster's acknowledgement, in her statement to the Assembly on 31 March 2008, of the importance of capacity building to the overall RPA programme "*capacity building is a critical part of the implementation programme*".. and that it would require... "*substantial investment from central government, subject to funding, and local government*".
- Based on the indicative programme of work set out within the attached implementation plan, it is estimated that the cost of the capacity building programme would be between **£903k** (minimum) to **£1.8m** (maximum) depending on the activities agreed and the level of participation.
- The working group recommends that at minimum **£1.5m** should be made available to support the development of regional capacity building frameworks and support capacity building activities at the local level i.e. within individual Transition Committees and Transition Management Teams.
- The costs set out in the implementation plan are indicative at this stage and have not been market tested but are based on the experience of group members in relation to costs for similar initiatives.
- Realistic costs can only be provided when capacity building needs have been formally identified and prioritised and exact numbers of participants are known.
- It should be noted that the Strategic Outlines Business Case (June 2008) prepared by Deloitte on behalf of the Department of Environment estimated a cost of between £3.1m to £5.1m for addressing leadership capacity building needs. As a benchmark it is worth noting that in the first year (2003/2004) of the capacity building programme for local government improvement in England (albeit on a significantly larger scale) was £33.7million (£25 million from central government and £9million from the local government revenue support grant 'top slice') was allocated.

- The group has sought to address some of the resource issues by identifying short, medium and long term priorities which would enable funding needs to be profiled.
- **The group recommends that the Department of the Environment secures a specific budget to support the imminent implementation of necessary capacity building activities. The fund would enable the development and implementation of regional frameworks as well as making provisions for Transition Committees to submit bids to draw down resources to support specific capacity building activities. Such funding should be in addition to the £150K transition fund already allocated by the DoE to Transition Committees with its draw down governed by guidance issued by the Department.**
- It should be noted that a substantial proportion of the current Transition Fund budget is already committed in terms of the payment of members allowances for participation on the Transition Committees and the salary costs of the appointed RPA Change Manager.

Governance and Implementation

- The Local Government Staff Commission (LGSC) has a statutory responsibility for the provision of officer development. Structures to support officer and member capacity include the Local Government Training Group (LGTG), supporting employee development; the Northern Ireland Local Government Association (NILGA), supporting elected member development; and the National Association of Councillors (NAC).
- It is the view of the working group that consideration needs to be given to the provision of strategic support for the sector in relation to capacity building and the longer-term governance arrangements to support capacity building across local government.
- **Members should note that the working group has been unable to come to an agreed position in regard to putting forward a recommended option. Therefore, Members are asked to consider the options outlined below and agree a preferred option in relation to overseeing the overall implementation of the capacity building programme.**

Option 1:

A joint strategic governance structure operated jointly between LGTG and NILGA which would oversee the implementation of elected member and officer development activities delivered through the LGTG (employees) and NILGA (elected members). It would be accountable to councils and funding bodies through NILGA. Such a structure will require appropriate links to other relevant bodies within the RPA process.

Option 2:

Employee and elected member development issues are moved forward in parallel with informal mechanisms between LGTG and NILGA to ensure there is no duplication of effort and that opportunities for joint employee/member development are optimised. NILGA would be accountable to councils and funders for elected member development and LGTG through its own accountability mechanisms for employee development

Option 3:

The Regional Transition Co-ordination Group (RTCG) will take the lead role for overseeing the implementation process. They will feed down into the new joint delivery structure (comprising NILGA and LGTG) and the Transition Committees will feed sideways into them highlighting local needs.

Other issues to be considered

- **Value for money interventions-** due to minimum resources within councils identification of cost effective methods of delivery will be required. We need to be mindful of existing in-house expertise and use this resource as much as possible to create efficiencies.
- **Project buy-in** – it will be necessary to buy-in expertise to increase capacity at cluster level and on a sector wide basis.
- **Attendance issues-** Maximum attendance will be required at activities to ensure value for money.
- **Return on investment-** need to set clear objectives for each learning and development intervention to enable effective evaluation to be undertaken.
- **Performance management-** need to link interventions to some type of performance measurement e.g. performance indicators to be developed to measure the impact of learning.
- **Calibre of providers-** there is a need to ensure that learning and development providers are high calibre, demonstrate extensive knowledge of leadership development/managing change, have experience of design and delivery of development activities for both elected members and officers and have significant experience of design and delivery of leadership development programmes, specifically in relation to modernisation issues. Local providers and providers from outside of Northern Ireland will be required .
- **Joint member / officer development-** where possible joint member-officer development activities should be undertaken to maximise learning and to achieve economies of scale and value for money.

Existing learning & development budgets

- **Individual Council level**
The DOE strategic outline case included a data gathering exercise conducted in February/March 2008 by Deloitte. This research (based on responses from 19 councils) highlighted that in 07/08 training costs for elected members was £175,686 and for officers was £749,726. Therefore, it is recognised that most, if not all councils have learning and development budgets allocated to meet member and officer learning and development needs.

It is recognised however that with the affects of the current economic climate may mean that the position has changed for 2009/2010 and future years.

- **LG TG**
On a centralised basis a budget of £230,000 is managed by the Local Government Training Group for officer development activities for 2009/2010 as a result of 'top slice' contributions from the existing 26 councils. When income is added to the £230,000 it is expected that training and development activities to the value of £450,000 approximately will be undertaken. Currently significant commitment has been made in

relation to a range of courses and programmes. £15,000 has also been allocated to elected member development to assist in addressing member development needs in advance of possible funding provision. The planned leadership development activities to be provided by the LGTG in 09/10 will be prioritised and aligned to the proposed capacity building programme. A minimum of £20k (net expenditure) will be re-directed from the overall budget for this purpose.

- **NILGA:** There is no 2009/2010 budget held by NILGA for member development activities.

Next steps

Members are asked to:

1. Approve the proposed outline business case, the short-term implementation plan and associated high-level costs.
2. Agree the preferred option for responsibility for overseeing the overall management of the capacity building programme.
3. Agree that a report in this regard is submitted to the SLB at its meeting on 3 July, 2009.
4. Recommend that further detailed work be undertaken in relation to the projected capacity costs as part of the PricewaterhouseCoopers work in developing a full economic appraisal of the resource issues attached to the RPA process.

Appendix 1: Proposed implementation plan and associated costs

1. Leadership Capacity needs (up to May 2011) for Transition Committees, Transition Management Teams and Change Managers.

Ultimately each Transition Committee/Transition Management Team/Change Manager will identify their capacity needs in line with their transition plan and their individual needs. Having considered the generic leadership development needs the following is an indicative list of the capacity issues which should be considered. Indicative costs have also been provided focusing on design, delivery, evaluation and facilitation costs (e.g. venue etc).

It is recognised that not everyone is starting from the same position therefore not all areas will need to be covered. Each of the clusters will need to undertake an urgent capacity mapping exercise, specifically identifying urgent capacity building needs (i.e. up to March 2010). This can then be aggregated to provide a sector wide picture of the capacity gap. More realistic costs can then be provided.

Capacity building need (<u>up to May 2011</u>)	Indicative costs
Understanding & managing organisational change	£40k to £50k
Organisational development	£40k to £50k
Strategic thinking/planning	£40k to £50k
Community planning	£40k to £50k
Employee engagement & communication	£40k to £50k
Communicating externally	£40k to £50k
Organisational culture	£40k to £50k
Project management	£40k to £50k
Performance management	£40k to £50k
Winding up arrangements	£40k to £50k
Governance arrangements	£40k to £50k
Service delivery/planning	£40k to £50k
Financial planning/standing orders	£40k to £50k
Awareness of legal issues	£40k to £50k
Media training	£40k to £50k
Managing opposition	£40k to £50k
Function specific e.g. planning process	No costs - (delivered by planning function)
HR issues- including vacancy control, TUPE and recruitment and selection for Chief Executives and other senior posts	Free of charge
Design and delivery of a Leadership development programme for Transition Committees	£30K to £250k – dependant on number of participants
Design and delivery of a Leadership development programme for Transition Management Teams including Change Managers	£100k approx (based on 100 people approx)
£1.15m	Total indicative costs = £670k to

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2. Developmental work for leadership development-members and officers (Short-medium term – up to March 2010)

Developmental work (up to March 2010)	Indicative costs
Development of role descriptions for elected members	£20k to £25k
Development of a Northern Ireland political skills framework	£20k to £25k
Development of a Northern Ireland elected member charter	£10k to £15k
Development of a leadership framework for officers	£30k to £40k
Development of a succession planning framework for elected members	£15k to £20k
Total indicative costs = £95k to £125k	

3. Capacity needs of Transition Committee support staff e.g. HR, policy, finance and IT etc. (short-medium term – up to March 2010)

Capacity need (up to March 2010)	Indicative costs
Vacancy control, recruitment and selection, TUPE	Free of charge
Transition Committees support programme for Chief Executives	£26k
Strategic management	£15k
Change management	£15k
Employee communication & engagement	£15k
Project management	£15k
Procurement	£15k
Organisational culture	£15k
Financial management	£15k
IT	£15k
Total indicative costs =£146k	

4. Corporate capacity needs

There is a need to build and support corporate capacity to put in place the necessary local infrastructure to support Transition Committees and Transition Management Teams with the RPA implementation process and the establishment of the new Councils. The following interventions, including the development of models and toolkits, will be required.

Corporate capacity need (up to May 2011)	Indicative costs
Peer support	£165k to £200k
Performance management support	£62k

Development of an evaluation framework-to transfer knowledge and learning	£10-£15k
Development of a strategic and business planning framework	£10k to £15k
Development of an OD framework	£10k to £15k
Development of a strategic HR framework (including HR strategy and workforce development plan)	£8- £15k
Total indicative costs – £138k	
to £322k	

5. Capacity building needs of transferring staff

At this early stage the capacity building needs of transferring staff are difficult to gauge. It is clear however that issues such as induction and awareness sessions for managers from transferring functions and awareness sessions for local government staff must be planned. Activities can be planned by councils and the transferring function to ensure minimal costs e.g. visits to councils, sessions provided by local government staff and transferring functions staff.

Capacity Need (up until May 2011)	Indicative costs
Development and delivery of an induction programme for transferring staff	£3k
Development and delivery of awareness sessions for managers from transferring functions	£3k
Design and delivery of briefing sessions for local government staff on the work of transferring functions	£3k
Total indicative costs – £9k approx	

6. Estimated Total Cost for the Capacity Programme

In considering the overall capacity building programme outlined above, it is estimated that this will cost between **£903k** (minimum required) to **£1.8m**.

7. Training providers

It is essential that the training providers used to design and deliver the activities meet the following criteria:

- are high calibre;
- demonstrate extensive knowledge of leadership development;
- have experience of design and delivery of development activities for both elected members and officers; and
- have significant experience of design and delivery of leadership development programmes, specifically in relation to modernisation issues.

8. Procurement of training providers

It is recommended that a select list of providers is developed in line with the above criteria and that the current LGTG select list of training providers is revised. It is recommended that a procurement exercise is undertaken by the DoE to develop a select list of providers.