

A Practical Approach to Implementing a Successful Change Programme in Local Government

Emerging Findings – June 2008

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Introduction

- 1.1 This paper sets out, in summary, the views arrived at to date on the development and articulation of a practical approach to a successful change programme, designed to deliver the future shared vision for local government in Northern Ireland.
- 1.2 The paper is structured as follows:
- Background;
 - Strategic options;
 - Strategic analysis;
 - Change capacity, capability and tempo
 - Programme management - an overview and high level transition plan;
 - Strategic and programme governance framework;
 - Indicative resource requirement;
 - Conclusions; and
 - Recommended Actions.

Ten Key Points

- 1.3 The paper discusses the following ten key points:
1. The urgency of implementing the transition to 11 councils, starting with strategic planning and direction as soon as possible.
 2. A practical strategic option (an evolutionary approach) for successfully implementing the transition from 26 to 11 councils.
 3. The need to construct a strategic level business case to support the selected option.
 4. The critical need to resource the first tranche of the implementation teams, both at the policy level as well as at the management (delivery) level.
 5. The need to establish and subsequently implement a coherent programme plan.
 6. The need to confirm the council-level work streams.
 7. The requirement to put an appropriate strategic and programme governance framework in place.
 8. The need to articulate the roles and responsibilities of the Transition Committees, the Transition Management Teams, and the Regional Implementation Group.
 9. Recognition that there will be a variance in the capacity and capability between the councils with regard to implementing the restructuring and transition.
 10. Acknowledgement that councils will achieve transition to the new councils at different speeds.

Background

- 1.4 On 31 March 2008 the then Minister for Environment, Arelene Foster announced the vision for local government, agreed by the Executive, following a review of the previous administration's decisions on local government contained in two announcements in November 2005 and March 2006. The review considered what local government would be expected to deliver in the context of a fully functioning devolved Assembly and Executive.

“Our vision is of a strong, dynamic local government that creates vibrant, healthy, prosperous, safe and sustainable communities that have all citizens at their core.”

1.5 In order to deliver this vision the Minister announced that the current configuration of 26 local councils would be rationalised to create 11 new council areas. The Executive considered the three 11 council models put forward for consultation by the Review of Public Administration (RPA) in March 2005 and agreed that the configuration known as model 11b in the consultation document provided the optimal grouping of existing councils into an 11 council model.

1.6 The Executive considered this configuration:

“Strikes a balance between reducing some of the diversity among existing areas in terms of population characteristics and rating wealth, and promoting the ability of councils and their communities to identify and interact with one another.”

1.7 Importantly, the statement also explicitly recognised that the strengthening of local government will be a **process**. This is a core premise to the planned approach designed to successfully deliver the change programme:

“It is acknowledged that the strengthening of local government will be a process and not an event, the speed and extent of which can only be dictated by whatever secures excellence in service delivery.”

1.8 The size of the challenge ahead for local government should not be underestimated and ensuring that appropriate structures are put in place to manage the RPA change process is crucial. The Department of the Environment, Local Government Policy Division, together with SOLACE NI, NILGA and the other stakeholders recognises the urgent need to put in place a practical Implementation Programme and Programme Management arrangements if the May 2011 date for elections to the new Councils is to be realised.

1.9 In order to support the process, SOLACE NI commissioned PricewaterhouseCoopers LLP (PwC) in May 2008, to assist it in developing and articulating a practical approach to a successful change programme which would have the shared support of major stakeholders in the programme. In undertaking this, PwC have had access to a paper prepared by D. Mitchell dated June 2008, entitled “RPA – Local Government Reform, Making it happen – A Practical Framework.

Strategic Options

1.10 As referred to above, local government re-structuring will use the 11b model based on the original RPA consultation. In implementing model 11b there are a number of delivery options, which encompass the establishment of the new structures, the transferring of various functions which will pass to local government and the need to address the wider modernisation agenda for local government.

1.11 There are three broad strategic options for consideration in the implementation process:

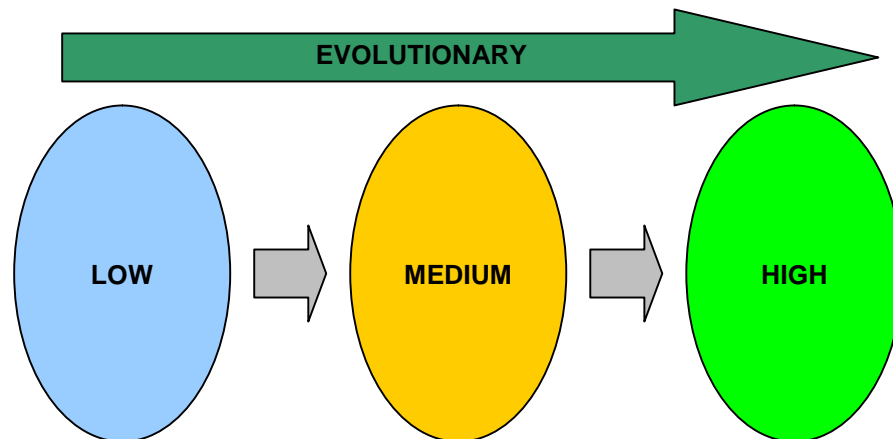
- **Option 1: “Do nothing”**, a baseline with no changes in advance of the new elections in 2011;
- **Option 2: “Full implementation”** of the transition to new councils. This consists of the establishment of 11 new bodies, with new duties and new functions transferred from central government. It also encompasses carrying out a full modernisation programme, as identified in the Deloitte Strategic Outline Business Case; and

- **Option 3: “An evolutionary approach”**, as Option 2, but applying an evolutionary approach to the restructuring (*Transition*), including the transfer of functions, and modernisation (*Transformation*), which places a major part of the transformation and modernisation agenda in the post-2011 period.

Strategic Analysis

- 1.12 **Option 1 “Do nothing”** is not appropriate as a policy decision has been taken by the Executive, and a change must take place to the existing arrangements by 2011.
- 1.13 **Option 2 “Full implementation”** encompasses both the change restructuring programme (*Transition*), and the modernisation programme (*Transformation*). This amounts to a “big bang” approach and would require restructuring to run in parallel with significant modernisation, including complex areas such as shared services and service delivery realignment.
- 1.14 Initial analysis of Option 2 has identified a significant risk attached to this option. The modernisation Strategic Outline Business Case (SOC), produced by Deloitte in June 2008, has identified a number of work-streams, and associated high level costs and resource requirements. Modernisation is a significant programme of work were it to be carried out from steady-state, and when combined with a re-structuring transition programme, would be more complex and carry a higher risk that both re-structuring and modernisation would fail.
- 1.15 In order to achieve Option 2, consideration would have to be given to:
- The already tight timeframe to deliver on the new local government structures in 2011;
 - The existing resource constraints, currently no CSR cover for the restructuring or modernisation programmes; and
 - The general resource constraint in terms of capacity within the local government sector.
- 1.16 The SOC on modernisation concludes by outlining that an alternative approach may be to concentrate initially on the restructuring now (*Transition*) as well as undertaking some preparatory work for the modernisation programme. The major modernisation projects would subsequently commence post-2011.
- 1.17 The PwC work commissioned by SOLACE NI seeks to scale the task facing councils in re-structuring. This indicates that there is a substantial body of work needs to be undertaken to achieve the transfer from 26 Councils to the 11b model in the period between 2008 and 2011. **This work needs to commence as a matter of urgency.**
- 1.18 **Option 3 “An evolutionary approach”** represents a rational, risk managed, but dynamic approach to the transition and transformation programmes. The option could be termed **“Evolving from Transition to Transformation”**, as it is based on an evolutionary approach. A **process** of restructuring of councils, preparation for the transfer of new duties and functions, and preparatory work to lay the ground-work for the modernisation programme. It is likely that some degree of modernisation will arise as part of the rationalisation of 26 councils to 11, as joint operating models and systems are devised. Such opportunities and benefits must be taken forward in a manner which will allow further full modernisation to take place when the councils have been soundly established. An evolutionary approach is one which makes best use of available resources. There are nevertheless, within Option 3 further phasing opportunities. These can be summarised as illustrated below:

Figure 1: Option 3 “An Evolutionary Approach”, and its sub phases.



- **Low Case:** Aim to achieve restructuring to 11 councils, with the addition of new duties and transferred functions;
- **Medium Case:** Achieve the Low Case, but also take advantage of some modernisation opportunities which arise as part of restructuring, while carrying out feasibility studies to prepare for the modernisation programme in more detail; and
- **High Case:** Medium Case, plus a fully agreed, scoped, planned and budgeted programme to carry forward the modernisation agenda across the new councils in the 5 year period following 2011.

1.19 This represents an evolutionary approach and it is envisioned that each of the new Council clusters will aspire to realising the ‘High Case’ of transition/transformation. The degree of movement towards the Medium or High Case will be dependent upon the ability to scope and develop the feasibility for the future modernisation programme and the availability of resources.

1.20 The strategic options and phasing opportunities should be the subject of a Strategic Outline Business Case (SOC) on Transition. The SOC will evidence the preferred options and associated resource implications.

Change Capacity, Capability and Tempo

1.21 The delivery of the change programme, particularly the programmes that will need to be delivered at the local council level, will be directly affected by the change capacity and capability that exists, or can be readily developed, by each respective council cluster. Both capacity and capability will determine the tempo at which both the overall programme (whichever option is eventually adopted) and the local council-cluster programmes can be implemented. Any variance in capacity and capability between the local council clusters may well dictate also that the sub-programmes are implemented at *different speeds*, but with Council clusters all working to the May 2011 target date. Those clusters with a higher capacity and capability may require less [additional] resources to deliver the programme. Whereas, those with a lower capacity and/or capability will require additional support and associated resources. An expectation will be that councils will share their experiences and this will be facilitated by the Regional Implementation Group.

1.22 The above options and the capacity/capability/tempo mix will be a key output from the Strategic Outline Business Case on **Transition**.

Programme Management – an overview and high level transition plan

1.23 The Office of Government Commerce (OGC) defines a programme as:

“A temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcome and benefits related to the organisation’s strategic objectives. A programme is likely to have a life that spans several years.”¹

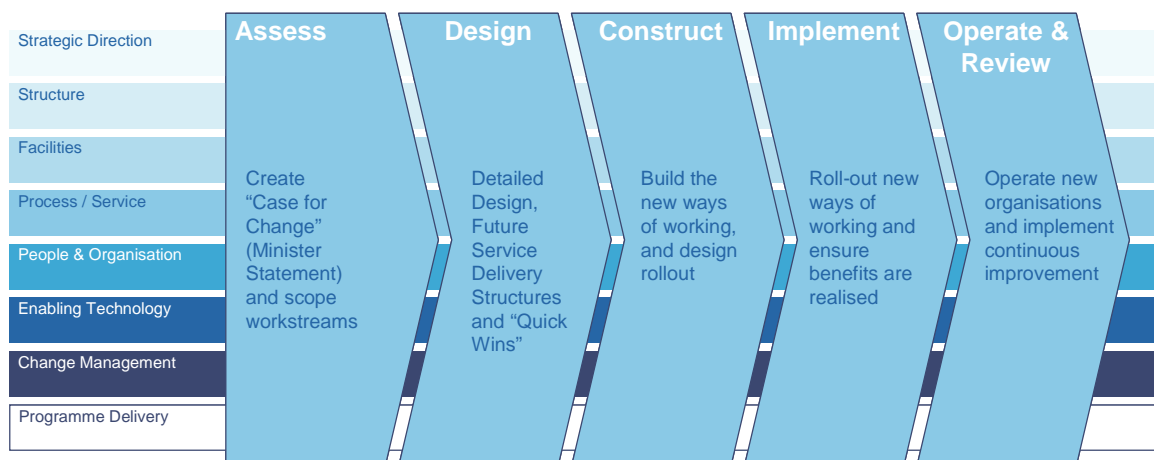
1.24 Before fully implementing any transition plan, there are a number of acknowledged preparatory steps and conditions which first need to be met, including satisfying a number of formal, robust approval reviews that will ensure that a viable programme is being invested in and about to be implemented. This will require consideration and application of the OGC approach known as Managing Successful Programmes (MSP). **These preliminary tasks and activities must be addressed as the first step in implementing the RPA programme and include consideration of the following:**

- The refined Vision Statement;
- Strategic Outline Business Case (SOC);
- Blueprint;
- Programme Organisation and Structure;
- Programme Plan;
- Stakeholder and Communication Plan;
- Benefits Realisation Plan;
- Information Plan; and
- Resource Management Plan.

1.25 Most large programmes in the UK Public Sector are also subject to the OGC Gateway Review Process which examines the key decision points in the lifecycle of a programme, to offset risk. It looks ahead to provide robust assurance that the programme can progress successfully to the next stage or tranche of work.

1.26 Figure 2 presents the high level overview of the framework for a large, complex change programme such as the RPA change programme. The framework provides a route map for implementing the *strategic, people, process, technological, structural* and *facilities* changes required to deliver the new or amended corporate /business strategies. These dimensions normally constitute the business-as-usual activities of an organisation. Added on to these however, are those activities required by the programme delivery framework, *change management* and *programme delivery*.

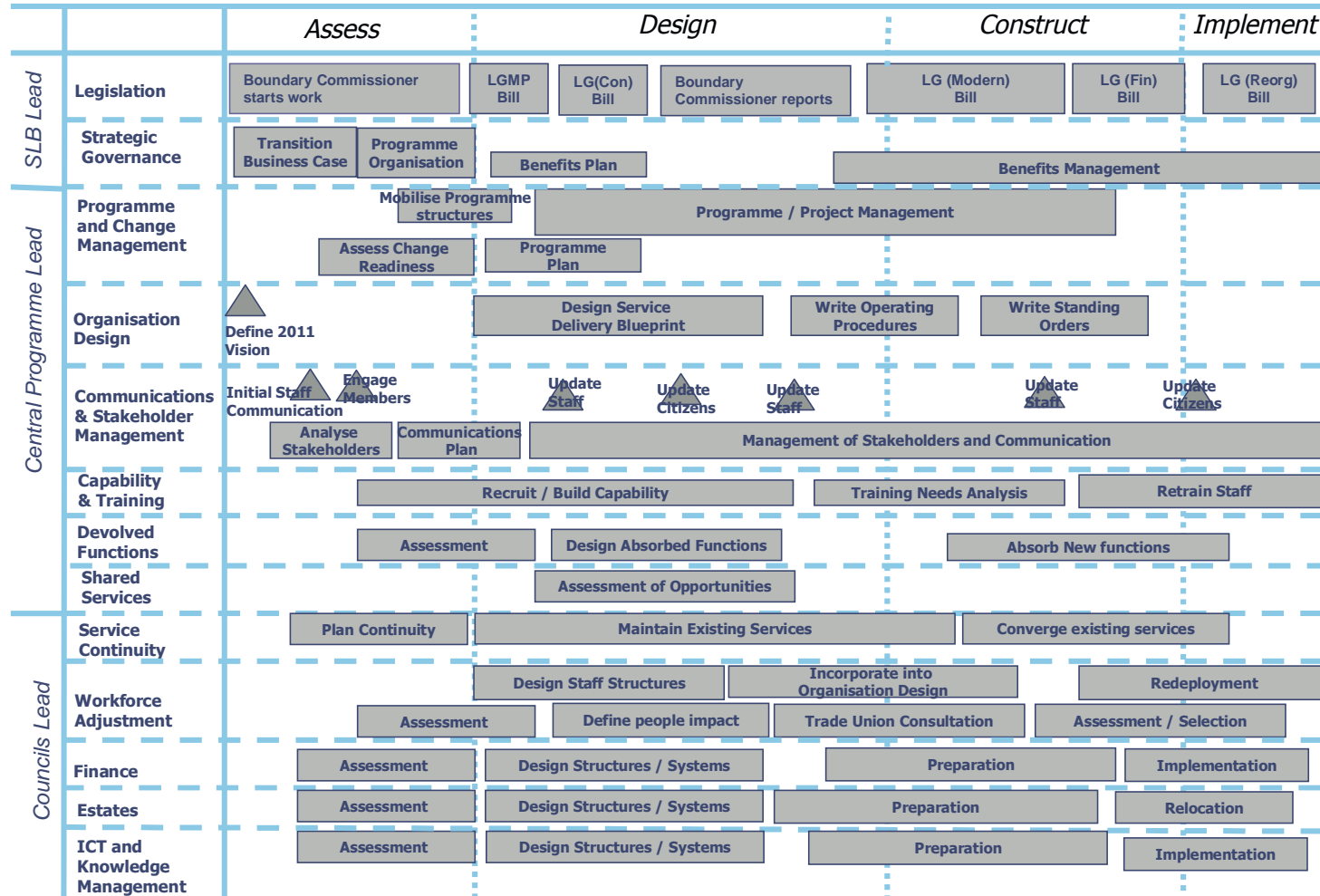
Figure 2: A Practical Framework for Successful Change



¹ Office of Government Commerce – Managing Successful Programmes.

- 1.27 The first Stage of this approach is '**Assess**'. The main outputs from this particular stage are as follows:
- Defining the High-level "Blueprint" for the new Councils;
 - Articulating the "Case for Change"; and
 - Identifying the range of work-streams that will change the organisations.
- 1.28 This is in the context of also achieving short- and medium-term financial and service delivery goals.
- 1.29 The **Design** stage is used to complete a design of the transformed environment and to explore and develop implementation strategies, based on the 'Blueprint' initiated during the previous 'Assess' stage. This is achieved by creating the detailed 'Future Service Delivery' structures and plan for the new councils (e.g. new organisation structures, processes, locations, skills, IT etc), whilst also implementing "quick win" initiatives. Importantly, the programme governance is refreshed to ensure fit-for-purpose with regard to the later stages of the programme. Detailed programme, benefits and resource planning is completed. The change management strategy and plans are completed and communications activities are undertaken. Initial transition planning is developed and test/pilot strategies are developed. For example, it may be appropriate to look at pilots associated with community planning, or the opportunity to develop "waves" so that selected functions can be transferred i.e. "Wave 1", "Wave 2" functions.
- 1.30 The '**Construct**' stage is used to develop the appropriate policy changes, business process changes, technology changes, organisation changes and facilities changes. Once these changes have been developed, the detailed implementation plans are prepared.
- 1.31 At the '**Implement**' stage, as it suggests, the local government-wide and council-wide initiatives and work-streams would be implemented, whilst proactively ensuring that benefits are tracked and realised, addressing any shortfalls in their final delivery.
- 1.32 At the '**Operate and Review**' stage the new local councils would expect to be fully operational working within the new organisational structure, delivering the benefits and encouraging, through the established review process, a culture of continuous improvement.
- 1.33 The framework presented at Figure 2, subsequently forms the foundation for developing a high level programme plan tailored for this local government transition. This draft high level plan is detailed at Figure 3.

Figure 3: A Practical Framework for Successful Change – Draft High Level Programme Plan



- 1.34 **High Level Programme (Transition) Plan.** The draft high level plan at Figure 3, depicts the indicative programme activities that will take place as the programme advances. It reflects the four stages of the programme lifecycle that are described in paragraphs 1.26 – 1.32; the main outputs from the legislative timetable are included for the sake of completeness and are for illustration only. It should be noted that this type of overview plan only truly emerges once the ‘Assess’ stage has progressed. This overview has therefore been developed based on current knowledge, best practice programme management, and experience from other local government programmes. Despite its limitations, it is a useful illustration of the complexity of this programme and starts to indicate the substantial effort required to achieve implementation. Experience suggests that this pictorial format is most readily understood by key groupings and provides an important basis for communication to all stakeholders. The overview groups activities into work-streams under the leadership of a central team or council as appropriate. Where possible the high level plan should also show indicative project milestones and makes an assessment of the likely critical path.
- 1.35 **Work Streams and Key Activities.** The high level programme plan is developed and designed at the strategic level, effectively top down. Following this strategic direction, the appropriate detailed work plans would be developed at council level and would represent the work streams and key activities that each council deemed necessary for transition, effectively bottom up. An example based on “governance” as to how the top down programme plan relates to the Council level detailed workplans is illustrated at Appendix 1.

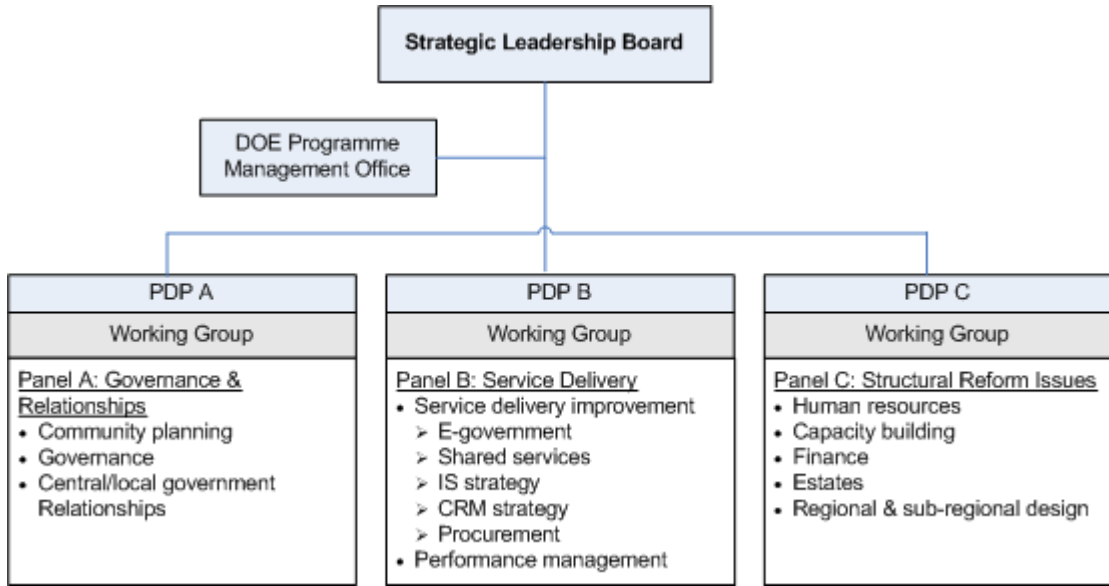
Strategic and Programme Governance Framework

- 1.36 Governance within a programme defines the strategies for quality, stakeholders, risks and issues, benefits, resources, planning and control. Effectively, governance is the control framework through which programmes deliver their change objectives and remain within corporate visibility and control.² With regard to the RPA programme, it is essential that controls are established alongside the governance framework to determine the roles, responsibilities and freedom of manoeuvre to which the various governing bodies and local council’s clusters should operate. It is suggested that prior to appropriate legislation being enacted, initial control should be achieved through establishing a set of **common programme principles** that would determine the operational/working guidelines across the functions of finance, assets and infrastructure. These could be developed in line with the Nolan Committee’s standards.
- 1.37 With regard to corporate governance, the Strategic Leadership Board (SLB) has agreed the strategic governance framework for the implementation of local government restructuring, building upon the findings of the 2006 IDeA report. Work is already underway to populate the Policy Development Panels, and the Department will shortly issue initial guidance to Councils on the establishment of Transition Committees.³
- 1.38 As set out at the April 2008 meeting of SLB, the strategic governance framework below reflects the Policy Development Panels and Transition Committees, and their relationship to SLB, with supporting input from the DOE Programme Office. This model ensures that policy development and issues of transition have the appropriate input from members, and that these bodies report to SLB.

² Office of Government Commerce – Managing Successful Programmes.

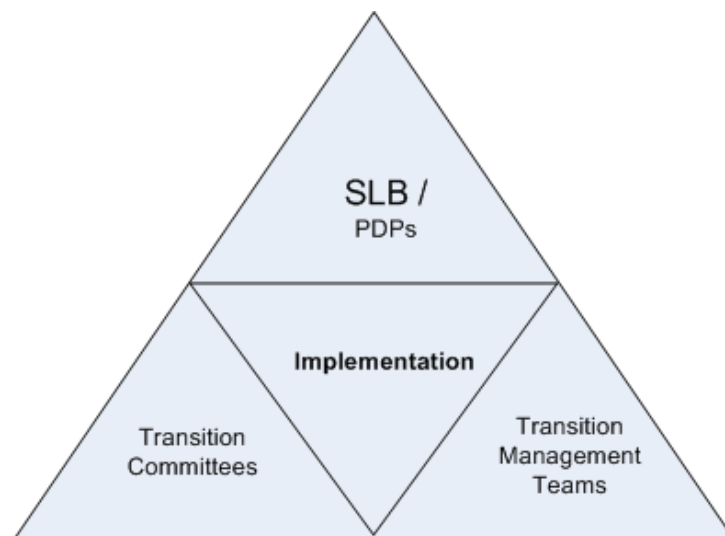
³ Following extensive research and consultation, the CIPFA/SOLACE Joint Working Group has produced, *‘Delivering Good Governance in Local Government: Framework’* and accompanying guidance note. The new Framework illustrates best practice for developing and maintaining a local code of governance and making adopted practice open and explicit and has been endorsed by key organisations in local government. The Framework recommends that authorities must be able to demonstrate that they are complying with the principles of good governance and urges local authorities to test their structures against the Framework’s six core principles for good governance.

Figure 4: Strategic Governance Framework (Policy)



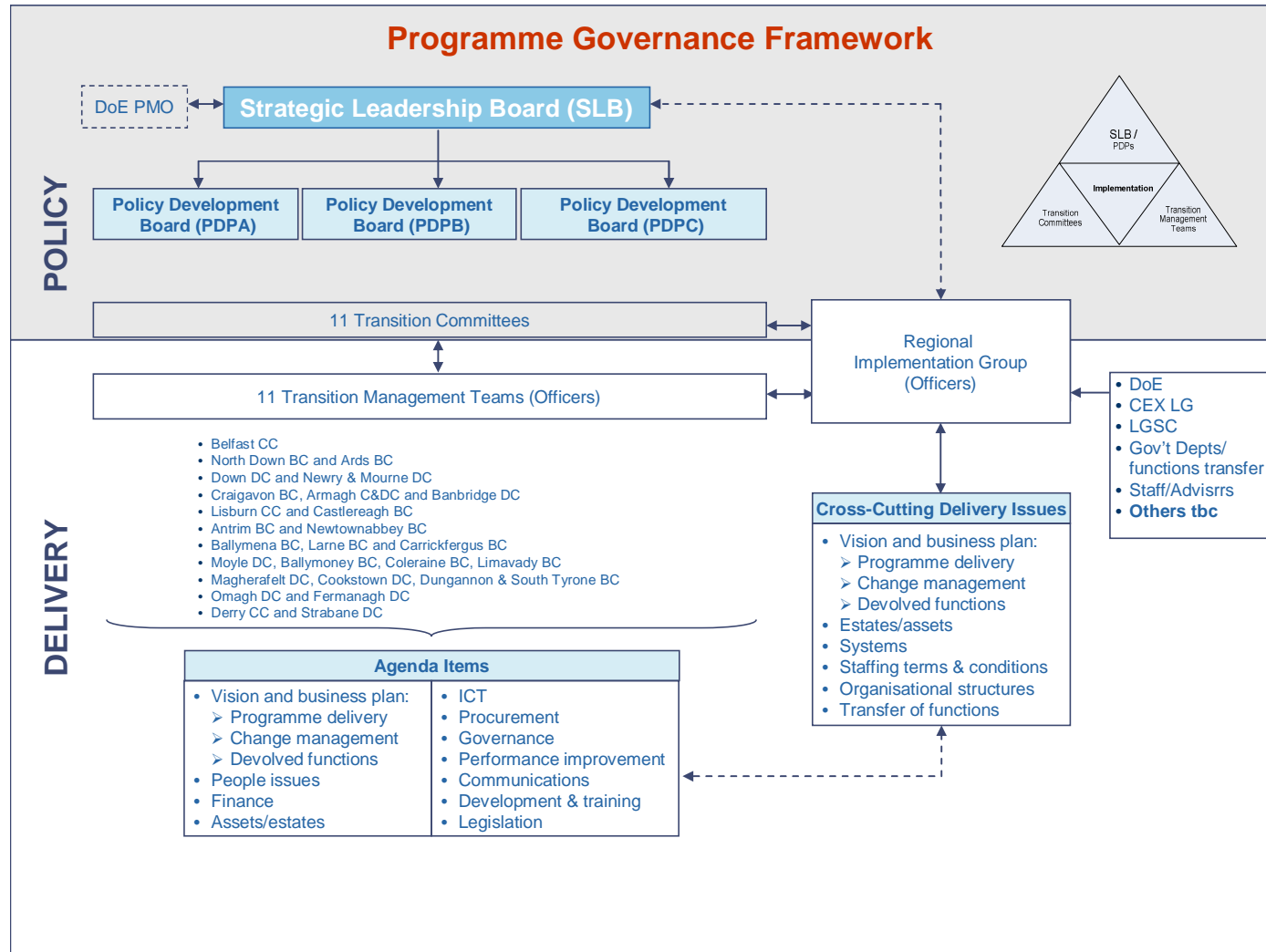
- 1.39 In consultation with the sector, SOLACE, NILGA and within the DOE, it is clear that in order for a programme of change of this magnitude to be successful it must not only have a robust corporate governance structure responsible for establishing, controlling and monitoring corporate policy, but also a robust governance structure at the operational level.
- 1.40 It is at the operational level that responsibility for the day-to-day implementation and delivery of the programme will sit. The model outlined below sets out the three key policy bodies at the strategic level (SLB, PDPs and Transition Committees) and subsequently positions the operational function of implementation and the grouping that will assume responsibility for its delivery (the Transition Management Teams (see paragraph 1.44 below)):

Figure 5: A strategic governance and programme implementation relationship model.



- 1.41 The governance mechanisms in a programme are most effective when integrated with the corporate governance already used in an organisation, as illustrated below:

Figure 6: Programme Governance Framework.



The model at Figure 6 above, demonstrates the key integral relationship, between the corporate governance structure, with responsibility for policy, and the operational level with responsibility for the delivery of the programme (i.e. programme management).

- 1.42 **Programme Governance Framework.** The Programme Governance Framework, at Figure 6, distinguishes between both the functions of policy and delivery, as well as between the strategic and operational levels, whilst adhering to the predetermined/extant corporate governance structure.
- 1.43 **Transition Committees.** Key policy responsibilities at the local council level will rest with the Transition Committees of Councillors (TCs). The TCs will have a range of responsibilities akin to that anticipated for a shadow council. Their main role will be to undertake key decisions necessary for an effective Council on the operative date. In particular, for the establishment of good governance arrangements at council level, seamless transfer and delivery of quality and efficient services, and the implementation of an effective staff structure and related staff transfer and support services. In effect the Transition Committees will act as the policy interface between the corporate/strategic level and local council/operational level. It will be the TCs which will drive the shaping of the new Councils.
- 1.44 **Transition Management Teams.** The 11 Transition Management Teams (TMTs) established in each of the new council areas will be responsible for the day-to-day management of the transition, reporting to and working alongside their respective Transition Committee. The TMTs will subsequently plan and execute the efficient and effective transition to the new councils in terms of the critical managerial and operational transfer issues. As depicted, the TMTs are concerned with Delivery/programme management.
- 1.45 **Regional Implementation Group.** The **Regional Implementation Group** (RIG) will be the critical management interface with the SLB, the TCs and the TMTs. Importantly, the RIG will provide programme management and delivery focus for the overarching regional and sub regional issues – the cross-cutting delivery issues within the above model. The Programme Senior Responsible Officer, with responsibility for the successful delivery of the overall programme, will lead this key group.

Indicative Resource Requirement

- 1.46 The overview of programme management and high level transition plan at paragraph 1.23 – 1.35 above, discussed the preliminary tasks and activities that must be addressed as the first step in implementing the RPA programme. Based on comparative programmes conducted elsewhere, and in concurrence with the proposed strategic and programme governance framework, the indicative resource requirement suggests a need for some 40 people selected from present capacity or in addition to current resources at a cost of between £4-8m. A more precise cost will only be possible once the make-up of the initial team is established and the mix between internally and externally sourced personnel determined.
- 1.47 The main tasks to be taken forward are as follows:
- Complete the requisite preliminary programme work thus confirming the viability and various business cases of the overall programme;
 - Complete the subsequent programme planning (both at the strategic and operational level); and
 - Initiate the first stage of the programme once appropriate approval (OCG Gateway Review) has been obtained.

- 1.48 It should be noted that the above resource requirement is to allow the programme to progress. **As the programme progresses, the resource requirement will become more readily identifiable and increase.** For example, the [early] appointment of the new councils senior management team would be in addition to the above indicative resource requirement.
- 1.49 On the basis of the information available at this time the indicative number of people is based on the following assumptions: a “change champion” and two support staff per new council (3 x 11) for the TMTs; and an estimation of up to 7 staff and advisers required to manage and implement the programme at the regional level (within the RIG).
- 1.50 It is suggested that the appointment of these people, in particular the “change champion”, along with the early appointment of key senior staff within the council clusters (such as the Chief Executives, and the HR and Finance Directors) is critical to programme success. These appointments would be followed closely by the establishment of the remaining elements of the respective senior management teams.

Conclusions

- 1.51 This paper has sought to summarise a practical approach to developing and constructing a successful change programme in local government; has presented an outline high level transition plan alongside a suggested governance structure; and provided an indication as to the level of resources that will be initially required to confirm the viability and initiation of the change programme.
- 1.52 The establishment of the Regional Implementation Group, the Transition Committees and the Transition Management Teams is time critical and should proceed as soon as possible once the Strategic Operational Business Case on **Transition** has been approved.

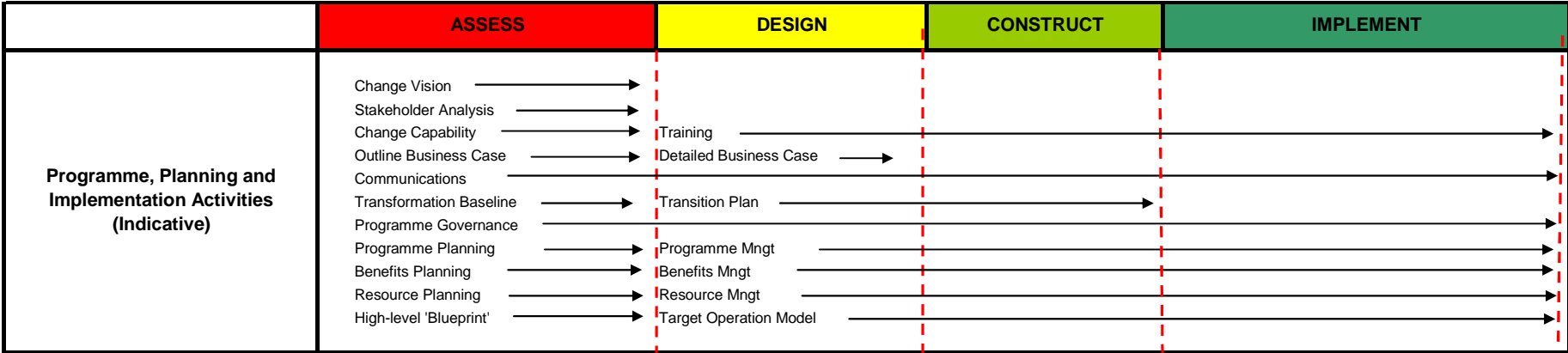
Recommended Actions

- 1.53 In considering the various sections of this paper, the following actions are recommended:
- Agree Option 3, “An evolutionary approach”, as articulated at paragraph 1.18, represents a rational, risk managed approach to the transition and transformation programmes. The strategic options and further phasing opportunities (High, Medium, Low) should be the subject of a Strategic Outline Business Case (SOC) on Transition;
 - Endorsement of the strategic and programme governance framework depicted at Figure 6. The proposed structure could be compared with the six core principles for good governance articulated in the CIPFA/SOLACE *‘Delivering Good Governance in Local Government: Framework’*;
 - Define the roles and responsibilities of the councillors in conjunction with NILGA and officers in association with SOLACE, in accordance with the agreed governance framework;
 - Authority to complete the preliminary programme tasks and activities, detailed at paragraph 1.24, required to establish the strategic and business viability of the transition programme, as well as the option for its delivery, in accordance with OGC best practice. Not to do so will create a disproportionately high risk of failure regarding the delivery of the transition to 11 new councils. Of utmost importance is the need to complete a *Strategic Outline Business Case on Transition*;
 - Agree requirement to identify resources, as indicated at paragraph 1.46 above, to complete the aforementioned critical preliminary tasks and activities at the strategic and operational level. It is considered essential to establish the required programme teams and

governing bodies as soon as possible in order to provide an appropriate level of guidance and momentum to the existing councils and transition committees;

- Agree that the high level transition plan, in line with Figure 3, be adopted in the interim period, prior to the detailed strategy developed through the SOC, as a common model that allows local councils to conduct suitable concurrent activity and consultation; and
- Concurrently, direct that a series of guiding principles be produced to support the aforementioned governance framework and to which councils will operate.

APPENDIX 1: DRAFT HIGH LEVEL PLAN ALIGNED WITH COUNCIL LEVEL WORKSTREAMS (EXAMPLE)



		2008												2009												2010												2011					
		6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6					
GOVERNANCE	Vision																																										
	Political Mgt – Structures, Checks/Balances, etc																																										
	Subsidiarity / Localism - Civic Councils/Area Ctees																																										
	Modernisation/ Improvement – supported by DOE																																										
	Community Planning; Civic Leadership Scrutiny																																										
	Financial Regulations																																										
	Standing Orders																																										
	Convergence - Progs, Plans; Dev. of new Corporate and Capital Plans																																										
	Civic - Name / Status etc																																										
	Change Management Training - Capacity Building																																										
	Communication																																										
	Winding-up: Establish arrangement																																										