

Report title: Single Change Programme

Wards affected: All

Strategic Director: Max Wide

Report Author: Paul Arrigoni, Service Director Business Change and ICT

RECOMMENDATION for the Mayor's approval:

1. To endorse the planned approach to change and the governance arrangements to manage and deliver the Change Programme.
2. To note the management of the monitoring and delivery of the programme (within the parameters set out within the MTFS) by the programme Change Board, chaired by the Strategic Director for Business Change.
3. To note the aggregation of the previously approved change business cases into a single programme of change.

Key background / detail:

a. Purpose of report:

The purpose of this report is to update Cabinet on the progress and plans for the single change programme, and to endorse the approach to manage within the cost and benefits parameters set out in the Medium Term Financial Strategy (MTFS) approved by Council on the 18 February 2014.

b. Key details:

1. The prolonged period of austerity requires the council to reduce its operating budget by a further £85m in the three year period from 2014/15 to 2016/17. This was confirmed in the Medium Term Financial Strategy (MTFS) approved by Council on the 18 February 2014. These further reductions are set against a context of already having made savings of c£70m in the previous three years.
2. Solving the conundrum posed by reduced funding, increases in those parts of population that typically demand our services, and the increasing expectations that people have of modern organisations, is not easy. It requires sustained change. The Change Programme is the means by which we deliver that change. It involves everyone in leadership positions in the Council, it impacts on all our staff and it will be felt by all the citizens of Bristol. At the end, we will be a very different organisation to the one we are now.
3. Change is already happening, the Council has been investing in it for some time. The change programmes that have run over the previous three years up to 2013/14 have contributed substantially to the c£70m savings already delivered.
4. The report describes the projects that will deliver the future savings and improvements we need to make and details how we are organised to ensure we are on track, so that leaders in the Council and taxpayers can be confident that they will get the return on investment needed.

5. A single change programme has been established, with a single governance board led by the Strategic Director for Business Change as the Senior Responsible Owner (SRO). Organisational change across all parts of the council will be delivered through this single change programme, driving consistency of approach, increasing the pace of delivery and enabling hard prioritisation to ensure investment and resources are targeted most effectively. The Change Board has been working since 1 October 2013, initially consisting of the Senior Leadership Team and Service Director Project Leads and now expanded to include all Service Directors as of February 2014.
6. The Change Board has overseen the delivery of the Single Change Programme to date, including in February the management of the Council-wide restructure. It tracks each project, reviewing the whole programme monthly and drilling down in to each individual project as the need arises week by week. It is already realising the planned benefits, releasing £13m from restructuring to date with all other projects in the programme on track to deliver the savings agreed in the current 3 year cycle.
7. The Council had already agreed in various decisions between Nov 2011 and June 2013 to a number of separate change programmes which continue on into the period of the new programme. These have all now been integrated into the single change programme.
8. The Change Programme has been designed around two steps, which seeks to first of all get the basics right by 'doing things better', with the second step focused on the delivery of outcomes by 'doing better things'. Step 2 of the programme, currently being developed will be the vehicle that will make Bristol a leading Council. In July this year we will meet as an extended leadership team to review our progress in completing Step 1, to ensure we embed the competencies needed to deliver continuous improvement and to plan the content of the Step 2.
9. The savings required from the Change Programme over the next 3 years were set out in the MTFs and there is a good level of confidence these will be achieved. The savings target of £64m was adjusted by delivery costs and a corporate contingency allowance (recognising both delivery risks and also the potential for double counting in benefits estimates) to provide an annual net benefit target to be delivered from the programme of £49m from 2016/17.
10. The Strategic Director for Business Change, as the Senior Responsible Owner (SRO), has overall accountability to Cabinet for delivery of the single change programme. He is supported by the Change Board which includes all Strategic and Service Directors
11. It is proposed that reporting to Cabinet will be on a half yearly basis, with monthly tracking by the Assistant Mayor for Business Change and Deputy Mayor, starting from September 2014 when a more detailed summary of individual costs and benefits will be provided. The Cabinet report will cover:-
 - Progress with delivery against the plan
 - Major projects initiated
 - Risks
 - Tracking of costs and benefits

**BRISTOL CITY COUNCIL
CABINET
1 JULY 2014**

REPORT TITLE: Single Change Programme

Ward(s) affected by this report: All Wards

Strategic Director: Max Wide, Strategic Director Business Change

Report author: Paul Arrigoni, Service Director, Business Change and ICT

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Purpose of the report:

The purpose of this report is to update Cabinet on the progress and plans for the single change programme, and to endorse the approach to manage within the cost and benefits parameters set out in the Medium Term Financial Strategy (MTFS) approved by Council on the 18 February 2014.

RECOMMENDATION for the Mayor's approval:

1. To endorse the planned approach to change and the governance arrangements to manage and deliver the Change Programme.
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The proposal:

1. Context

Bristol City Council is striving to deliver the outcomes for people, place and prosperity that are necessary for it to enhance its reputation as the most liveable City in the UK. To do this requires fundamental changes to the way that the Council works, so that we can ensure that all we do is focused on this goal and that we develop the organisation so it is fit to meet the challenges of now and for the future.

The prolonged period of austerity requires the council to reduce its operating budget by a further £85m in the three year period from 2014/15 to 2016/17. This was confirmed in the Medium Term Financial Strategy (MTFS) approved by Council on the 18 February 2014. These further reductions are set against a context of already having made savings of c£70m in the previous three years.

Solving the conundrum posed by reduced funding, increases in those parts of population that typically demand our services and the increasing expectations that people have of modern organisations, is not easy. It requires sustained change. The Change Programme is the means by which we deliver that change. It involves everyone in leadership positions in the Council, it impacts on all our staff and it will be felt by all the citizens of Bristol. At the end, we will be a very different organisation to the one we are now.

Change is already happening, the Council has been investing in it for some time. The change programmes that have run over the previous three years up to 2013/14 have contributed substantially to the c£70m savings already delivered.

The report describes the projects that will deliver the future savings and improvements we need to make and details how we are organised to ensure we are on track, so that leaders in the Council and taxpayers can be confident that they will get the return on investment needed.

Bristol has been an inconsistent Council, showing signs of genuine sector leading work in some areas and then being let down by the basics in others. The change programme has been designed around two steps, which seeks to first of all get the basics right by 'doing things better', with the second step focused on the delivery of outcomes by 'doing better things'.

2. Single Change Programme - Overview

A single change programme has been established, with a single governance board led by the Strategic Director for Business Change as the Senior Responsible Owner (SRO). Organisational change across all parts of the council will be delivered through this single change programme, driving consistency of approach, increasing the pace of delivery and enabling hard prioritisation to ensure investment and resources are targeted most effectively. The Change Board has been working since 1 October 2013, initially consisting of the Senior Leadership Team and Service Director Project Leads and now expanded to include all Service Directors as of February 2014.

Since October 2013, the Change Board has overseen the delivery of the single change programme, including in February the management of the Council-wide restructure. It tracks each project, reviewing the whole programme monthly and drilling down in to each individual project as the need arises week by week. It is already realising the planned benefits, releasing £13m from restructuring to date with all other projects in the programme on track to deliver the savings agreed in the current 3 year cycle.

The approach to change is multi-faceted. Some approaches to change emphasise top down leadership, some stress the need for clear plans and structures, others promote the importance of ownership and 'buy-in' from the people delivering the change as well as the skills and knowledge they have. We believe all of these things are important and the Senior Leadership Team, as well as the Change Board, monitor progress and deploy different interventions as the need arises.

All previously approved change programmes have now been integrated into the single change programme.

The overall change approach we are adopting is summarised in the diagram below.



There does not seem to be any realistic alternative to pursuing the course of action outlined in this report. Savings and improvements must be made and the measures detailed here represent the best chance of achieving the necessary outcomes.

3. Programme Organisation

The Change Programme is a set of individual projects that work together to form an integrated programme of change.

We have called the different phases of the Change Programme 'steps'. This term is used to emphasise the fact that the content is different and distinct in each phase but also to show progression and order, the next step cannot start until the last has been completed.

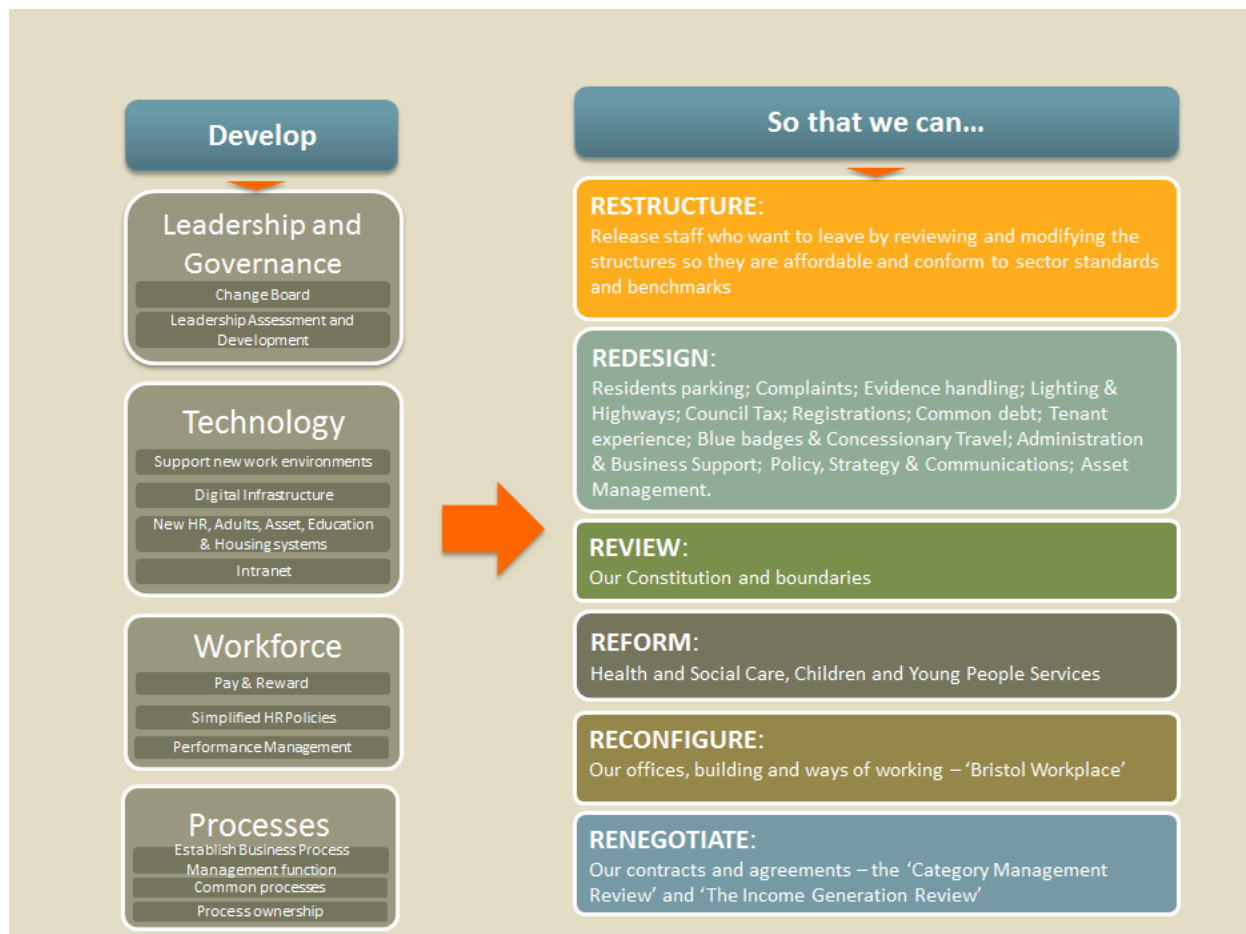
- Step 1 is efficiency driven, focused on 'doing things better'. Through a rationalisation and simplification of how we currently operate we will drive down costs. We want to operate as one streamlined council, not a collection of disparate departments. Common systems and ways of working and the experience of driving change together will give us the stability we need to face the future.
- Step 2 will be outcome driven, focused on 'doing better things'. Addressing areas such as more effective working with partners, optimising the use of public sector resources, building the sustainability and resilience of the City, listening to citizens and understanding the things that they find genuinely helpful to commission a set of services that achieve better outcomes. This will create a modernised organisation and a service offering very different to that of today, re-designed 'from the outside-in'.

Leading Councils are not standalone bureaucracies that have to reduce their costs. They work hand in hand with their partners, they are expert at knowing what works for citizens because they listen to them and learn from evidence, they intervene early to prevent nascent problems from escalating, and they create prosperous and sustainable communities that reduce the need for services.

Bristol City Council has many examples of leading practice, but the building blocks, the foundations, are sometimes very shaky. The Council has been too departmental and this has generated a very inefficient organisation with different approaches to the same problem, constantly reinventing the wheel and building in costly and difficult to navigate processes.

Step 2 of the programme, currently being developed will be the vehicle that will make Bristol a leading Council. In July this year we will meet as an extended leadership team to review our progress in completing Step 1, to ensure that we embed the competencies necessary to deliver continuous improvement and to plan the content of step 2.

The overall programme structure for Step 1 of the programme is summarised below.



Some of the primary programme elements include:-

Restructure project – running alongside our voluntary severance scheme, the restructure is simplifying and standardising our organisational structures & supporting the creation of the People, Place, Neighbourhoods & Business Change directorates.

Boundary review project – is seeking to gain a more equal representation of citizens across the city through the creation of new ward boundaries and implementation of a new simplified but effective Councillor governance and decision-making approach, which is fit for the future challenges of the council.

Bristol workplace project – is rationalising our office estate, ultimately down to 2 core buildings (Temple Street primarily for our customer facing services and City Hall primarily for our strategic core services). This project will transform where, when and how work gets done within the council.

Category management work stream – a review of our categories of spend has identified 14 council-wide opportunities to deliver savings through either (or a combination of) renegotiation of existing contracts, re-procurement of services and improved demand management.

Income generation work stream – the creation of the MTFS identified a number of areas for increased income through a review of fees and charges, and there may be other opportunities for income generating initiatives.

4. Cost and Benefits

The Council had already agreed in various decisions between Nov 2011 and June 2013 to a number of separate change programmes which continue on into the period of the new programme. These have all now been integrated into the single change programme and are summarised in Appendix 1 of this report. From the approved funding of £113m, £61m remains available to the Change Programme to complete the delivery of the agreed benefits, the majority of this being associated with Bristol Work Place and Adult Social Care transformation.

The savings required from the Change Programme over the next 3 years were set out in the MTFS and there is a good level of confidence these will be achieved. These gross savings are summarised in the Table 1 below.

Table 1

	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)
Change Programme			
Restructure	(22.0)	(26.0)	(28.0)
Redesign	-	(4.0)	(8.0)
Priority Interventions	(3.3)	(12.5)	(28.0)
Total	(25.3)	(42.5)	(64.0)

The savings target of £64m was adjusted by delivery costs and a corporate contingency allowance (recognising both delivery risks and also the potential for double counting in benefits estimates) to provide an annual net benefit target to be delivered from the programme of £49m from 2016/17. The delivery performance of the programme against this target will be reported as part of the quarterly financial monitor, the first report of which is scheduled for review at the 2 September 2014 Cabinet meeting.

In addition, the MTFS included the savings to be delivered from projects previously approved in respect of CYPS, HSC, BWP and other projects, the net benefits of which were separately included in the MTFS but have now been consolidated into the Change Programme and are set out below:

	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)
Net savings previously approved			
CYPS	(3.0)	(3.1)	(3.1)
HSC	(0.9)	(1.6)	(1.7)
BWP	-	-	-
Other projects	(1.0)	(2.2)	(4.3)
Total	(4.9)	(6.9)	(9.1)

Financial benefits have been developed based on an internal analysis of the efficiency of current business operations and using benchmark information from a range of other local authorities. Benefits achievable have been ranged based on confidence of delivery and only the mid-range estimates have been used in the cost benefit analysis. Costs estimates have been based on previous experience of delivering change, with external supporting validation used wherever possible to increase confidence.

Funding

The Section 151 Officer has identified in the MTFS the funding required for the Change Programme, which will be supported from a combination of provisions and reserves (restructure costs), capital expenditure (Bristol Workplace), invest-to-save prudential borrowing (IT infrastructure) and HRA funding. The progress of savings initiatives and the source of investment needed will be clarified at the outturn of the 2013/14 accounts.

5. Governance and Reporting

The Strategic Director for Business Change, as the Senior Responsible Owner (SRO), has overall accountability to Cabinet for delivery of the single change programme. He is supported by the Change Board which includes all Strategic and Service Directors.

The Change Board is where the decision making is done, both at a high level and also in understanding and agreeing the detail of each programme element. It is not about 'rubber-stamping' but making sure that everything has been agreed and understood by all members of the Change Board. Within the context of the programme there are no other governance boards or key decision making groups.

There is ultimately one plan and we jointly own the plan through the Programme Management Office (PMO). To make sure the plan delivers, the PMO will assign resources on a business need basis. The Change Board will decide 'what' we deliver; it's our job to work out the smart way of 'how' we will deliver and then ensuring we make it happen.

The pace of change means that our approach needs to balance design, build and implementation activities as we are required to design and build a number of our solutions before we can roll out across the organisation. Therefore, we are seeking to adopt a range proven techniques that are new to us e.g. Agile software development as demonstrated through Government Digital Services (GDS)

It is proposed that reporting to Cabinet will be on a half yearly basis, with monthly tracking by the Assistant Mayor for Business Change and Deputy Mayor, starting from September 2014 when a more detailed summary of individual costs and benefits will be provided. The Cabinet report will cover:-

- Progress with delivery against the plan
- Major projects initiated
- Risks
- Tracking of costs and benefits

It is also proposed to provide a similar report on a six monthly cycle to the Business Change Scrutiny Commission.

6. Delivery and Resources

Delivery

The programme is being managed against a single plan, enabling effective prioritisation of activities and resources by the Programme Board. A Programme Management Office (PMO) has been established, led by a Service Manager, which plans and tracks delivery of all projects in the programme. It provides an independent assurance function to the programme SRO.

Delivery is managed through a series of work streams or projects, with a Service Director accountable for leading the change, supported by a project manager.

Resources

Bristol City Council maintains a significant change capacity with project managers, business partners, policy and strategy experts, and organisational and people development specialists. However this capacity is not sufficient to meet in full the demands of such a major transformation programme.

Resource allocation for the programme is prioritised by the Change Board, and implemented through the PMO. This ensures the most effective use of resources is made across the council.

The use of specialist individuals and consultancies to support the change programme will be necessary, and allowance has been made in the business case to access these services. However, these services will only be used when the council does not have access to internal staff with the necessary skills, knowledge or experience to support effective delivery. As a policy, consultants will generally be engaged on a fixed price basis with payment only made once agreed products or services have been delivered.

Accessing subject matter experts from business areas will be critical to ensure change is business led, particularly in the redesign of services. Service Directors, through Directorate Leadership Teams, will prioritise these resources as part of their business planning process. Effective multi-disciplinary team working will be essential for successful delivery of projects.

Consultation and scrutiny input:

a. Internal consultation:

Strategic Leadership Team

Assistant Mayor

Business Change Scrutiny to be consulted at the 21 July meeting.

b. External consultation:

None

Other options considered:

Continue with the current portfolio of change with multiple directorate led programmes. This option was discounted as it would not deliver the outcomes required, in particular the savings needed for the MTFs, at the pace of delivery that is needed.

Risk management / assessment:

The risks associated with the implementation of the *Change Programme*:

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1.	We fail to deliver the benefits needed for the MFTP	H	M	<ul style="list-style-type: none"> Regular tracking through finance reports Strong governance through Change Board £10m contingency and mid range benefits estimates used 	H	L	Strategic Director Business Change
2	The organisation can't cope with the pace and quantum of change, organisational resistance slows delivery	H	H	<ul style="list-style-type: none"> Hard prioritisation of change activity Engagement of Service Directors and Leadership Teams 	H	M	Strategic Leadership Team/ Change Board
3	Access to the necessary resources to change as we reduce in size.	H	M	<ul style="list-style-type: none"> Prioritise work around change priorities Establish partner and supplier relationships 	M	L	Strategic Leadership Team/ Change Board
4	We don't understand the needs of our customers and redesign around this	H	H	<ul style="list-style-type: none"> Strong customer strategy leads what we do Regular testing of services with customer groups 	M	M	Service Director, Customer Services
5	Services are destabilised through the restructure, putting service delivery at risk	H	M	<ul style="list-style-type: none"> Service Directors engaged as members of the change board Change Board manages priorities to allocate support where it is needed to maintain services 	H	L	Directorate Leadership Teams Change Board
6	We can't deliver and exploit the new processes and technology	H	H	<ul style="list-style-type: none"> Put in place key supplier capabilities to deliver Engage with services to understand how technology and processes can be exploited 	H	M	Service Director Business Change & ICT
7	We don't have the skills and culture to operate in the new way	H	H	<ul style="list-style-type: none"> Exploit Bristol Work Place opportunity to model new behaviours Strong OD programme to drive target culture 	H	M	Service Director HR

The risks associated with not implementing the *Change Programme*:

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	We fail to deliver the £49m required for a balanced budget as approved by Council on 18 February 2014	H	H	Implement the change programme as described in the business case	H	L	Max Wide
2	We will not be able to support the necessary levels of service redesign to deliver a flexible and efficient council required by the City Vision.	H	H	Implement the service redesign projects within the change programme, enabled by the core building blocks	H	M	

Public sector equality duties:

The Single Change Programme itself has the potential for a number of impacts on both staff and service users. Full Equality Impact Assessments (EqIAs) have been undertaken for previously agreed change programmes, such as the Bristol Workplace Programme, Admin and Business Support Review and Organisational Redesign. These EqIAs have identified a number of impacts and proposed mitigation measures. This proposal, to agree the business case is unlikely to impact further on staff or service users.

Individual projects which result from the Single Change Programme will continue to require full EqIAs to identify potential impacts on staff and customers. EqIAs will also need to be carried out on any further services that change for customers as a result of internal restructuring.

Monitoring, on an on-going basis, any positive or negative impacts resulting from the Single Change Programme and taking action to mitigate against negative impacts will be key in ensuring the council continues to meet its Public Sector Equality Duties.

Anneke Van-Eijkern

Equalities Officer

29 May 2014

Eco impact assessment

This proposal is for approval of a business case and does not in itself have significant impacts. Pre-existing programmes within the proposal that received prior Cabinet approval (for example the Bristol Workplace Programme:

https://www.bristol.gov.uk/committee/2012/ua/ua000/0704_11.pdf) have already been subject to eco impact assessment, for which agreed mitigation measures still apply.

Any new major projects initiated as a result of this proposal are likely to be significant, and will be subject to individual eco impact assessments. Agreed mitigation measures will a) form part of the project plan and b) be reported back to Cabinet as part of the formal quarterly report.

Overall, the Programme is likely to result in highly significant environmental impacts, primarily through changes to buildings, staffing and technology. The net balance of these impacts is likely to be positive, but will depend on the design and mitigation measures incorporated into each primary element.

Steve Ransom, Environmental Programme Manager, Energy Service

27 May 2014

Resource and legal implications:

a. Financial (revenue) implications:

The Council's Change Programme sets ambitious targets to deliver substantial savings across a range of projects which have been considered by SLT, Cabinet and Council within the Medium Term Financial Strategy. The detailed business case set out in more detail the scale and timing of the proposed delivery of these savings and indicates a short payback period and the opportunity to deliver savings in excess of the planned targets. Significant progress has already been made on the delivery of restructure savings to provide evidence of the commitment to realise cost reductions in line with the plan.

The costs associated with the delivery of the savings have been previously agreed or provided for and there is no evidence to suggest the overall cost envelope will be breached.

The Change Programme is monitored on a weekly basis to ensure projects are on track to deliver agreed objectives and variances and risks monitored and mitigated. While the risk of non-delivery associated with large transformation programmes exists, sufficient focus by the Strategic Director of Business Change should ensure effective ownership of the programme to manage the risk and ensure savings targets are met.

Advice given by Mark Taylor, Finance Director and Section 151 Officer
Date 28 May 2014

b. Financial (capital) implications

The costs associated with the Change programme, in particular those associated with the Bristol Workplace project, are included in the Council's capital budget. The opportunity to charge revenue costs to capital is reviewed at year end where expenditure on systems or software development has resulted in the creation of an asset.

Capital expenditure is monitored by the Capital Programme Board and the Change Board to ensure the overall cost envelope is not exceeded.

Advice given by Mark Taylor, Finance Director and Section 151 Officer
Date 28 May 2014

Comments from the Corporate Capital Programme Board:

N/A

c. Legal implications:

The proposals set out in the report are well reasoned and lawful, and are an important component of the Council's programme to ensure that it complies with its legal obligation to maintain a balanced budget.

Advice given by Liam Nevin, Service Director Legal Services
Date 28 May 2014

d. Land / property implications:

N/A – only land impact is Bristol Work Place which already has Cabinet approval

e. Human resources implications:

The combined impact of the Change Programme will result in a significant reduction in the Council's workforce. The Council has a duty to issue a Section 188 notice to inform and consult appropriate representatives of Trade Unions of any employee who may be affected. An initial notice was issued in November 2013 that encompasses the restructure

elements of the programme and details our intention to consult with employees and their representatives on how the organisation will mitigate, as far as practically possible, against compulsory redundancies. Full and meaningful consultation commenced on 11th November 2013 and is currently on-going through weekly corporate consultative meetings supplemented with regular Directorate Joint Consultative Committees. All workforce reductions have been and will continue to be managed in accordance with our HR policies.

The number of employees that are considered as being potentially affected by the restructure of the Change Programme is 7841 employees (6297 FTE). It is estimated that there will be a potential reduction of up to 971 (800 FTE) employees during the restructure of the organisation. Where we are unable to achieve the required level of savings through a Voluntary Severance process and other mitigating measures, we will undertake ring fenced selection processes in accordance with the Council's Managing Change policy. Any employee subsequently under notice of dismissal will enter the Council's redeployment pool for a period of up to 3 months.

The impact of Step 2 service redesign will be assessed and further Section 188 notices may be issued to revise the estimates of potential workforce reductions if necessary.

Advice given by **Richard Billingham, HR Service Director**
Date **29 May 2014**

Appendices:

Appendix 1 – Previously approved business cases

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Programme	Approval body	Date	Total Value (£'000)	Remaining Spend 14/15-16/17
HSC Transformation (inc. severance)	Cabinet (various)	Nov '11 +	£27,931	£9,409
People Programme	SODB & Exec Board	12/03/12	£1,475	0
ICT Sourcing (inc. severance)	Cabinet	28/08/12	£1,400	£1,224
Bristol Workplace	Cabinet	04/07/12	£70,000	£48,900
CYPS Children First (inc. severance)	Cabinet	Oct '12	£8,631	£1,617
Right Outcome, Service, Provider (absorbed into Category Management and redesign workstreams)	SODB (SLT)	23/04/13	£152	0
Intelligent Council (absorbed into technology and redesign workstreams)	SODB (SLT)	14/05/13	£292	0
Customer & Process (absorbed into technology, process and redesign workstreams)	Cabinet	27/06/13	£3,013	0
		TOTAL:	£113m	£61m

Note: SODB (Strategic Options Delivery Board) was the previous senior officer governance board for change prior to the creation of the single change programme.