THIS PAPER RELATES TO ITEM 7

ON THE AGENDA

CLACKMANNANSHIRE COUNCIL

Report to: Council

Date of Meeting: 23rd August 2018

Subject: Programme Governance

Report by: Head of Resources & Governance

1.0 Purpose

To put forward proposals for the structured management of change in the Council

2.0 Recommendations

It is recommended that Council agree to:

2.1 Establishing a Change Board comprising the Strategic Directors leading People, Performance and Place, the Chief Executive and 4 elected members, including the Council Leader and representatives from each of the three political parties, based on current political balance

2.2 Recruit a Programme Manager, with support from the Improvement Service to establish and lead a Programme Management Office (PMO) using the transformation change fund. Estimated costs for the appointment are £70k per annum including on costs

It is recommended that Council note that:

2.3 Under the authority delegated to the Head of Paid Service (Chief Executive) suitably qualified staff from within the Council will be seconded into the PMO. The exact constitution of the PMO will vary over time as demands for project resources change.

2.4 The Chief Executive will consider options for the recruitment of a Programme Manager to oversee organisational change and the PMO following the Strategic Director recruitment exercise.

3.0 Considerations

3.1 The Council is operating in a fast moving strategic landscape with major changes being introduced such as the Community Empowerment Act, City

Deal and Regional Improvement Collaborative that are all changing the way Local Government operates. Alongside these external changes, changes driven by financial restraint, increasing use of digital technology and an aging population are increasing pressure on the existing ways of delivering services and the required pace and scale of change. The Council has a good record in delivering change projects of varying complexity, structure and budget but now needs to build on that success to deliver the Council's priorities within the available resources.

3.2 The Council's has used overarching frameworks like Making Clackmannanshire Better (MCB) to manage change. The benefit of such an approach is the identification and management of the linkages that exist across the initiatives and projects that services are managing. These might be possible to discretely manage in a service or might be cross-cutting involving one or more services. Some initiatives/projects require formal approaches to change and some are more straightforward to implement such as management efficiency decisions.

3.3 The Capital programme is a major part of delivering change as it mainly involves key infra structure projects. The capital programme has been aligned with initiatives such as MCB, Village and Small Town Initiative and Spend to Save. There have seen some major successes such as the development of Redwell Primary School. Work is now progressing in CMT to refresh all of the existing asset plans to prioritise the work required to maximise the benefits from the Council's assets infrastructure and identify opportunities for disposing of assets that are under-utilised or where their development can offer a lasting economic benefit to the area and support financial sustainability.

3.4 However, the 2017/18 Annual Governance Statement panel process highlighted the challenge for services to deliver strategic change and continue to provide services. Key posts have either been subject to turnover or experienced staff have not been replaced. When change projects fail in organisations it is mainly due to cultural issues and barriers. This emphasises the importance of having sufficient resources to engage with staff and gain their buy-in.

3.5 The recently approved Council paper, "External Grant Funding" highlighted the opportunity to bring in additional resources to support change. This was in the context of external funding but it also references the recommendation in the Best Value Audit Plan to establish a Programme Management Office to support organisational redesign incorporating project management. funding and digital support. This was to be resourced, in part, from the £266k that is currently available through the Transformational Change Fund.

4.0 Need for Structure

4.1. Developing the Council's existing approaches to provide more structure to change management will bring with it a number of benefits including:

- A more strategic approach to the prioritisation of key initiatives

- A longer term view of the impacts of change on the Council's capacity to deliver what to whom
- Better integration between projects
- Capturing and disseminating lessons learned
- Enhanced sharing of knowledge across organisational boundaries
- Improved professionalism in Council staff
- Reduced risk of failing to deliver benefits
- Clear thresholds for escalation when projects are running into difficulties
- Better engagement with stakeholders
- Regular structure for the reporting of progress to elected members.

4.2. A potential design structure has been developed and is included at Appendix 1. The key principles are that a "Portfolio Board" of Elected Members and Chief Officers will be established to oversee the Council's change programmes ensuring that the right programmes are identified and aligned to deliver the Council's outcomes. It will also provide advice and support should there be slippage in programme plans.

4.3. The Portfolio Management Team (PMT) comprising the Chief Executive and newly appointed Strategic Directors will ultimately be accountable to Elected Members through the Portfolio Board for delivery. Feeding into the PMT will be cross cutting programme teams that will oversee a number of thematically linked projects. A hierarchy of reporting relationships will be developed through the governance structure overseen by the Programme Management Office. Identifying the right projects is crucial and appropriate input from a range of stakeholders will be encouraged.

4.4. A well-structured approach does not need an over-bearing bureaucracy. The approach to a roads project or an IT project need not necessarily be the same in terms of how the projects are managed but there does need to be a consistency in the alignment of projects with the Council's strategic outcomes and an identification of where projects fit within the Council's portfolio of change.

4.5. Work will be required on the criteria to be met before a project is adopted. This could be on the basis of financial commitment, strategic significance or impact on staff or service users. Strategic tools can be developed to support the Council in both identifying its priorities and allocating resources. The Improvement Service has offered to support the Council in sharing approaches and benchmarking with other Local Authorities.

5.0 City Deal

5.1. The governance arrangements underpinning City Deal will be presented to Council in a separate report and will require a multi partner approach. The Council's current financial and people resourcing arrangements are unlikely to be able to stretch to properly manage the Council's anticipated commitments and fully capitalise on the opportunities provided by City Deal.

5.2. Discussions with Scottish Enterprise have identified the potential to bring specialist expertise in economic development and sustainable growth to the Council which will help with business case development and benefits identification which will support the programme.

5.3. If the recommendations in this Report are agreed by Council further work will be required to align the resources required for City Deal with the wider organisational change resources and to ensure that the governance arrangements provide for appropriate scrutiny by Clackmannshire's elected members.

6.0 Resources for Change

6.1. To lead change at a strategic level it is recommended that the Council appoints a Programme Manager with a remit to manage change from strategy development through to implementation. The manger would be supported by the creation of a suitably resourced Project Management Office. In order to ensure that the post holder has sufficient profile it is recommended that they are a direct report of the Chief Executive. A number of options for recruitment have been identified including:

1. Identifying and appointing a suitably qualified senior manager from a potential redeployment pool following the Strategic Director/senior manager appointment exercise
2. Undertaking an external exercise to recruit an experienced change leader on a fixed term contract
3. Approach an organisation such as the Improvement Service to identify a suitable candidate for a fixed term assignment

6.2. Any internal recruitment will offer financial efficiencies but runs the risk of no suitably skilled staff being either interested or available. Internal recruitment would also be consistent with the Council's redeployment policy but at this stage it's not clear whether there will be any senior managers in the redeployment pool with the necessary experience.

6.3. Option 2 could be pursued through recruitment agencies/consultancies but would require a premium to be paid. That approach does provide some flexibility in regard to ending contracts at short notice if this is needed but can also carry the risk of losing a valued resource critical to the leadership of change at very short notice. If the Council were to employ directly, it runs the risk of a fixed term contract being unattractive at a time when many public bodies are seeking people with similar change management skill sets.

6.4. Discussions between senior officers and the Improvement Service (IS) have taken place. A number of options to support the council's change portfolio were noted. IS resources could be used to support somebody recruited under options 1 or 2 or provide a pathway to change through the allocation of a specific resource. IS have indicated that they would be prepared to support the Council in developing suitable options further.

6.5. Approval for a programme management office (PMO) was agreed by Council in March 2018 as part of the Best Value Audit action plan. Existing

management arrangements are sufficient to scope out the role of the office and the requirements of a manager. Recruitment of the manager was agreed to be funded from the transformational change fund. Resourcing the PMO will need to be flexible depending on the progress of particular projects and more detailed plans will be developed. It is anticipated that a number of staff resources will be supplied via internal secondments or redeployment avoiding the need for external resources wherever possible.

6.6. The PMO would be expected to provide:

- Governance. The PMO ensures that decisions are taken by the right people, based on the right information. The governance role can also include audits or peer reviews, developing project and programme structures and ensuring accountability at all levels.
- Transparency. The PMO is responsible for providing information and being the single source of the truth. Information should be relevant and accurate to support effective decision-making, and provided to people in a way they can understand.
- Re-usability. The PMO facilitates the sharing of knowledge. This stops project teams from reinventing the wheel and makes the PMO the central point for lessons learned, templates and best practice.
- Delivery support. The PMO makes it easy for project teams to do their jobs by reducing bureaucracy, providing training, coaching, mentoring and quality assurance.
- Traceability. The PMO provides the function for managing documentation, project history and organizational knowledge.

6.7. It is recommended that a recruitment exercise is taken forward using resources from the Transformation Change fund to finance the post. IS have offered to support the Council in the recruitment, either using their associates framework or as a joint resource and have provided job descriptions for similar roles used by other Local Authorities. Salary plus on costs are anticipated to be in the region of £70k. IS have advised of the importance of the PMO maintaining an independence of approach in order to challenge the existing thinking of the Council and a willingness to work across boundaries, internally and externally to create opportunities for collaboration and learning. The recruitment exercise will need to establish a best fit solution for the Council's current requirements and internal recruitment will be considered as part of the exercise.

7.0 Governance

7.1. The governance model at Appendix 1 illustrates the position of elected members in the governance of change. The structure, to be effective, would benefit from being a Board type approach rather than a committee or sub-committee operating to the Council's Standing Orders. The relationship between officers and elected members would need to be free-flowing to enable the proper exploration of issues and exchange of views although regulated through the management of a Board Chair. The political balance should align with that used in committees.

7.2. Reporting and agenda management would be the responsibility of the PMO Manager but would align with the delivery plan at Appendix 2.

8.0 Sustainability Implications

8.1 There are no direct sustainability impacts flowing from the recommendations in this Report.

9.0 Resource Implications

9.1. Financial Details

9.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ✓

9.3. Finance has been consulted and have agreed the financial implications as set out in the report. Yes ✓

9.4. Staffing

10.0 Exempt Reports

10.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ✓

11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☑)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ✓
Our families; children and young people will have the best possible start in life ☐
Women and girls will be confident and aspirational, and achieve their full potential ☐
Our communities will be resilient and empowered so that they can thrive and flourish ☐

(2) **Council Policies** (Please detail)

12.0 Equalities Impact

12.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐ No ✓(N/A)

13.0 Legality

13.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ✓

14.0 Appendices

14.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 - Council Change Framework

Appendix 2 - Governance and Reporting

15.0 Background Papers

15.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
Yes ☐ (please list the documents below) No ✓

Author(s)

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Approved by

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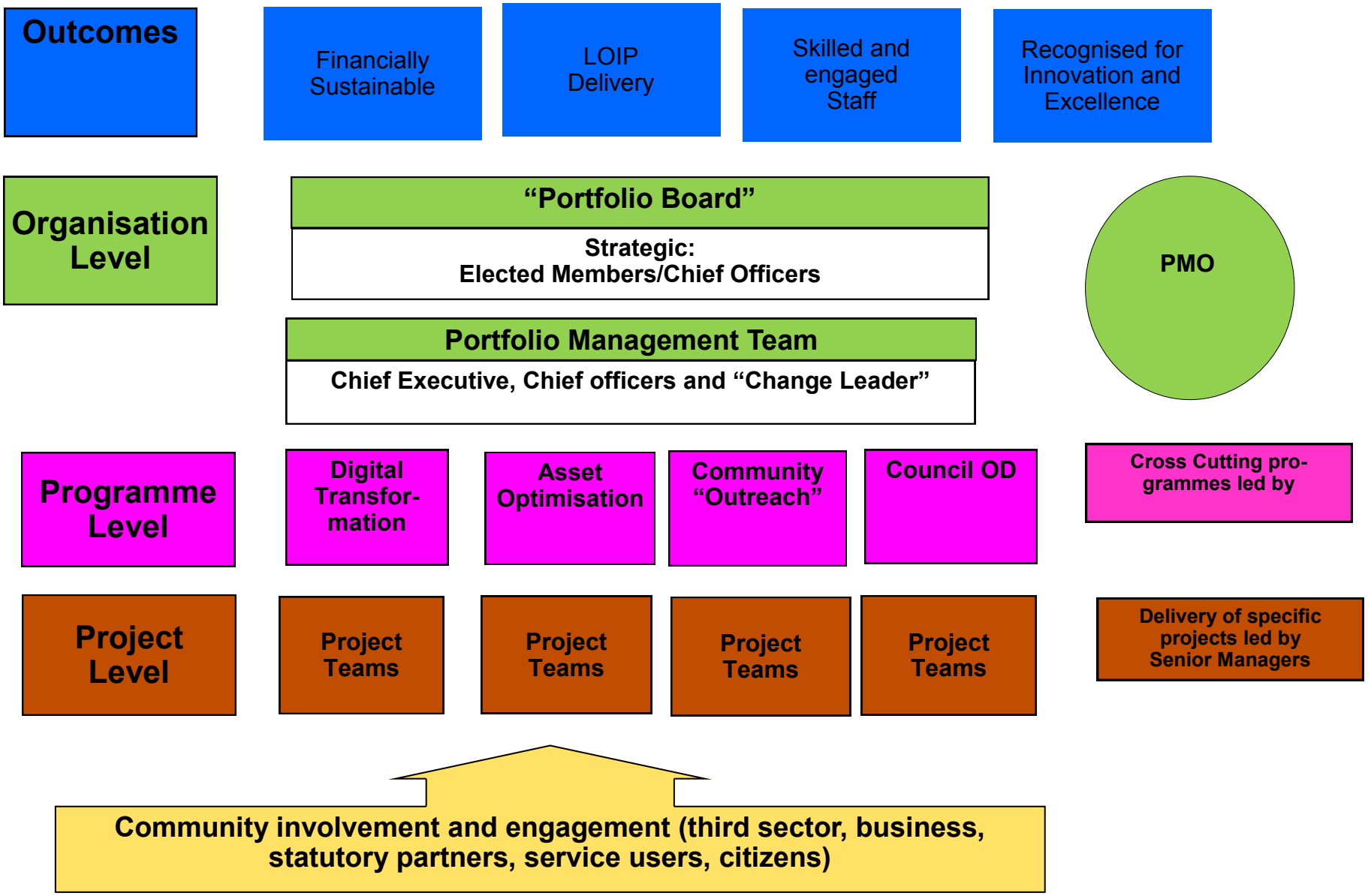
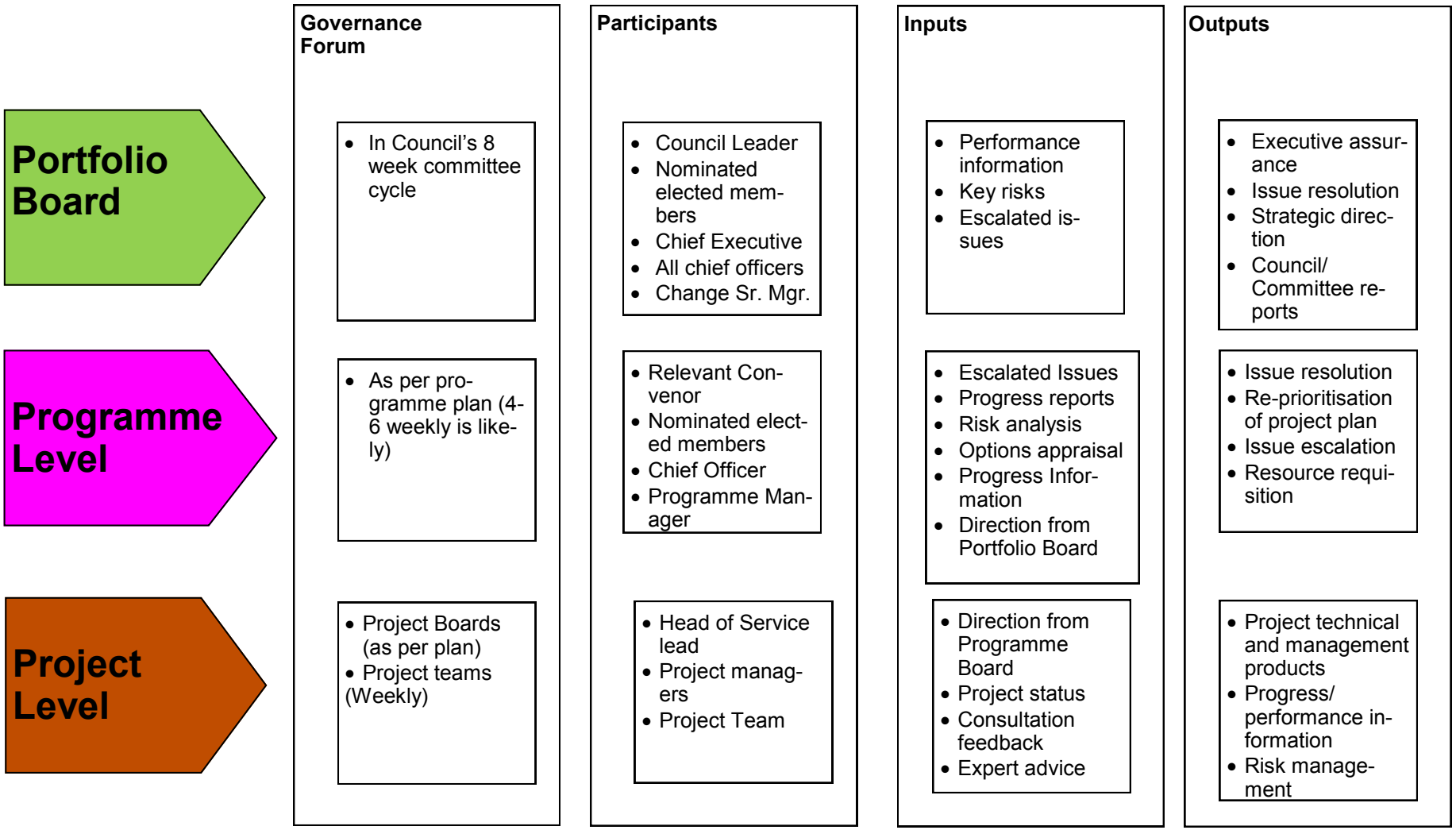
Council Change Framework



Governance and Reporting