

Scrutiny Panel Review

Management Restructure and Transforming Angus

May 2015

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SECTION 1 – EXECUTIVE SUMMARY

INTRODUCTION

1. As part of the 2014-15 scrutiny work plan, a review of the Management Restructure and Transforming Angus agenda has been undertaken by a panel of members of the Scrutiny and Audit Committee.
2. The over-arching objective was to review the effectiveness of the management restructure and the wider Transforming Angus (TA) arrangements.

CONCLUSIONS AND RECOMMENDATIONS

3. In terms of the management restructure the panel conclude that the overall shape of the new structure has been implemented around the themes of Citizen, Community and Council. The broad structure appears sustainable for moving forward and has rectified the previous structural anomalies.
4. The restructuring has generated financial savings of around 8% (£274,000) at the Chief Officer level and an estimated saving of £521,000 at LGE level within the People Directorate to give total recurring savings of £795,000 p.a. There is however a need to look at the implications for LGE level posts in other Directorates to confirm the final position on costs and savings from full implementation of the restructure. Chief Officer graded posts have remained static at 35 excluding the Chief Executive on a before and after basis but the cost of those posts has reduced due to having fewer posts at the highest grades. The Council's ER/VR scheme was used extensively to deliver the restructure and the payback requirements of the scheme have been met. A total of £2.4m of costs and £3.9m of savings arose on a payback basis over 5 years giving a net saving of £1.5m.
5. A number of other benefits were envisaged for the restructuring around delivery of effective services, improved performance, improving quality of management, and moving to more of a customer/service user focus.
6. The panel believe that there have been improvements in the quality of management at senior levels with the leadership forum survey showing substantial agreement around questions of strong leadership but agree with EMT assessment that work is still to be done in terms of the middle management layer.
7. The restructuring and new culture have brought improvements in customer focus although it is recognised that this is still a work in progress. Senior Managers are actively sending the message of improvement and customer focus within the directorates and the leadership development programme and use of tools such as lean encourage a concentration on the "voice of the customer" and take this to operational service delivery.
8. There is as yet no hard evidence to support an assessment of improvements in performance and provision of effective services and there is no performance reporting on this corporately or to committee. These areas are also impacted by the Transforming Angus work in that it is at too early a stage in terms of outcomes to assess.
9. The Panel have made a number of recommendations around performance management measurement and reporting. Developing measures of success around the management restructure in terms of cost reductions, delivery of effective services and quality of management are included in these. Tied to good

communications, this would also help raise the awareness of the benefits as there is currently poor awareness of the benefits of the restructuring across the council.

10. The Council plan outlines the vision for Transforming Angus and details 11 specific priorities for the period 2014-17 although there is no detailed of timescales for each of the priority areas.
11. It was recognised at the start of the review that it was unlikely they would be able to make a full assessment of whether the programme was meeting its objectives at this stage. However, discussions with the Strategic Partner and relevant officers suggest the approach is sound and that the priority areas being considered are those that would be expected in a council context.
12. While there has been slippage in some of the areas of the programme there have also been some notable successes and recently the pace of programme activity has increased substantially with outline business cases due on Help to Live at Home and Passenger Transport, the councils website revamped, and transfer of fleet maintenance to Tayside Contracts. Much work has also been done in relation to the new Culture and Leisure Trust to challenging timescales with a Shadow Board in operation to facilitate the transition.
13. The Panel is pleased to note the very positive feedback on the work of the Strategic Partner and their contribution to the change programme and the good working relationships with council staff.
14. Panel recommendations around Transforming Angus centre round communications, performance management and reporting. These are outlined in the paragraphs below.
15. It is generally accepted that communication around the programme needs to be improved, especially at the levels below the leadership forum. Staff within the Council need to know what the programme is, what it is intended to achieve, over what timescale and how progress is being made. They need to hear of outcomes and hear real stories of change to get their buy in and understanding and to help, where possible, to address any fears for the future. Survey results show a lack of clarity around Transforming Angus below leadership forum level.
16. Information on the Transforming Angus area of the council intranet needs to be more widely available; the panel feel that Board minutes etc should be available to all members and all staff. Some information is available on sharepoint but is not widely shared and is not user friendly.
17. More focused performance measurement and reporting would be welcomed that would demonstrate the progress of the overall portfolio and the various programmes against timescales, the contributions towards savings and actual v expected outcomes and benefits realisation. Reporting of this in a simple, clear and concise dashboard basis (perhaps using developed KPI's), both internally and to Committees is recommended.
18. The Panel also considered the cultural change elements and note that survey results around whether culture had improved were poor, both from the leadership survey and especially from the diagonal slice survey. This is an area that must be given priority as the cultural change is critical to the success of the programme. Executive management are asked to consider a cultural audit or review and develop an action plan to move forward.
19. Finally the review considered the scrutiny arrangements for the programme and concluded that provision of a dashboard report on a quarterly basis to Committee outlining progress, outcomes, benefits and saving would discharge the Scrutiny role of the Scrutiny and Audit Committee

SECTION 2 – INTRODUCTION AND REMIT

INTRODUCTION

20. A panel of The Scrutiny and Audit Committee have undertaken a scrutiny review of the 2013 Council Management Restructure and Transforming Angus arrangements. The review was undertaken as part of the 2014-15 scrutiny programme.

THE REVIEW REMIT

21. The over-arching objective is to review the effectiveness of the management restructure and the wider Transforming Angus (TA) arrangements. The review will consider whether the Council's approach to transformation is robust, supports service improvements, delivering demonstrable savings, improving performance and delivering better outcomes for citizens.

Within this the review panel will:-

- Assess the costs, savings and benefits of the re-structure
- Consider any additional pressures and challenges which have arisen as a result of the restructuring – for both staff and the Strategic Directors
- Assess how well the re-structuring and the TA programme have met/are in the process of meeting, their stated aims and delivering council/partner priorities
- Ensure the delivery arrangements of both the re-structure and TA agenda met/are meeting good governance principles*
- Assess whether the TA programme is effecting the required cultural change to deliver council priorities and objectives
- Conduct an initial review of the process & benefits of the decision to employ a Strategic Partner
- Consider the on-going scrutiny arrangements of the whole TA programme

*the governance arrangements of the TA programme will be reviewed by Internal Audit and their findings will inform this report

THE SCRUTINY PANEL

22. The members of the scrutiny panel were:

- Cllr Craig Fotheringham (Chair)
- Cllr Ronnie Proctor
- Cllr Lynne Devine
- Cllr Bob Spink (in attendance)
- Cllr Brian Boyd
- Cllr Jim Houston
- Cllr Ian McLaren

and the panel were supported by:

- Janine Wilson, Service Manager Governance & Consultancy (Lead Officer)
- Janet Hutchison, Governance & Scrutiny Officer

- Shan Coombs, Senior Governance & Consultancy Officer

REVIEW METHODOLOGY

23. The review was conducted primarily through consideration of background reports and documents, including the results of IIP reviews, leadership forum survey results, committee reports and other background documentation along with a specific staff survey. A major part of the review formed round interviews with:

- Cllr Rob Murray, Chair of Transforming Angus Board
- Richard Stiff, Chief Executive
- Alan McKeown, Strategic Director-Communities
- Margo Williamson, Strategic Director-People
- Mark Armstrong, Strategic Director-Resources
- Fiona Young, Director, EY
- Gordon Cargill, Service Manager, Transforming Angus

The panel would like to express their thanks to all who supported the review.

STAFF SURVEY

24. The panel designed a survey to gather staff views on the management restructure and the Transforming Angus programme. The survey was issued to a random sample of employees across the organisation on a diagonal slice basis but excluded members of the leadership forum, as a separate survey had been conducted with that group of staff. The scrutiny panel survey was issued to a random sample of 370 staff taken from a diagonal slice across the council. 219 people (59%) completed the survey.

25. Nearly one-half of those surveyed worked in Angus Schools. As responses were anonymous it is not possible to determine how many of those responded. Senior Management have indicated that the relevance particularly of TA matters to schools based staff is limited, certainly in terms of the main TA programmes ie HTLAT, CLT, Mobile and Agile etc. and that these staff are also quite distant from the management restructure. Given this, it is recognised that there may be potential for some skewing of results in direct questions in the survey and this is referenced in the relevant areas of the report.

SECTION 3 – MANAGEMENT RESTRUCTURE

BACKGROUND

26. The original concept of a major restructure came from a recognition by elected members that there was a need for the council to modernise to meet the new demands and pressures of the future. Performance and efficiency required to be improved and costs reduced.
27. The requirement outlined above was incorporated into the brief for the recruitment of a new chief executive in late 2010 and was a message reiterated by the recruitment panel. The new appointee took up the post on the last day of February 2011.
28. The timing of the recruitment of the new chief executive was not conducive to implementing major change. It was the last year of one administration with an upcoming election, therefore not a period ideally suited to a major overhaul immediately prior to the May 2012 local government elections. This first year period of continuation of the existing management structure did have the advantage of affording the new chief executive the opportunity to get to know the council, assess needs and consider options.
29. This culminated in June 2012 with a report to the Council which agreed, in principle, to streamline the senior management structure with a related re-alignment of service structures. A member/officer working group (MOG) was established to progress this. The outcome of the MOG deliberations was reported to Council in September 2012 in the shape of a number of options. The agreed option was to have a fundamental reshaping around the themes of Citizen, Community and Council giving an Executive team of four, a Chief Executive and three Strategic Directors. There was also to be a fixed term Director – Transforming Angus post. This initial agreement also established the principles of changing ways of working and the culture within the council to reinforce a “one council” approach to service delivery and achievement of objectives.
30. The primary driver of the restructure was to ensure the management structure was aligned with the council priorities and affordable within the available resources, with financial savings coming from the further restructure proposals below strategic director level, which would follow.
31. The original inclusion of the fixed term Transformation Director post was to address the risk that a new structure and reduced management model might detract from the already existing transformation programme. The MOG also suggested the appointment of a lead member for Transforming Angus. Cllr Rob Murray was subsequently appointed as chair of the Transforming Angus board.
32. The subsequent recruitment exercise saw the existing management team (with the exception of the chief executive) leave council service and three new strategic directors appointed, two external and one internal appointment. The new management structure was effective from 1 April 2013.
33. Subsequent to the agreement of the high level structure, a decision was taken not to appoint a fixed term Transformation Director. The responsibilities originally envisaged for this post are now overseen by the Executive Management Team (EMT) with a delivery mechanism through the appointment of a strategic partner, amending the responsibilities of a number of posts within the council and utilisation of staff on individual projects. The culture which the EMT is trying to embed is that change is everyone’s business and a part of everyone’s job; it is not just the responsibility of senior managers, the TA programme office or the board. The Strategic Director – Resources is the designated EMT lead for the TA programme.

34. The management restructure, and the concepts behind it, formed the building blocks of the refreshed transformation agenda.

MANAGEMENT RESTRUCTURE - REVIEW FINDINGS

SAVINGS FROM NEW STRUCTURE

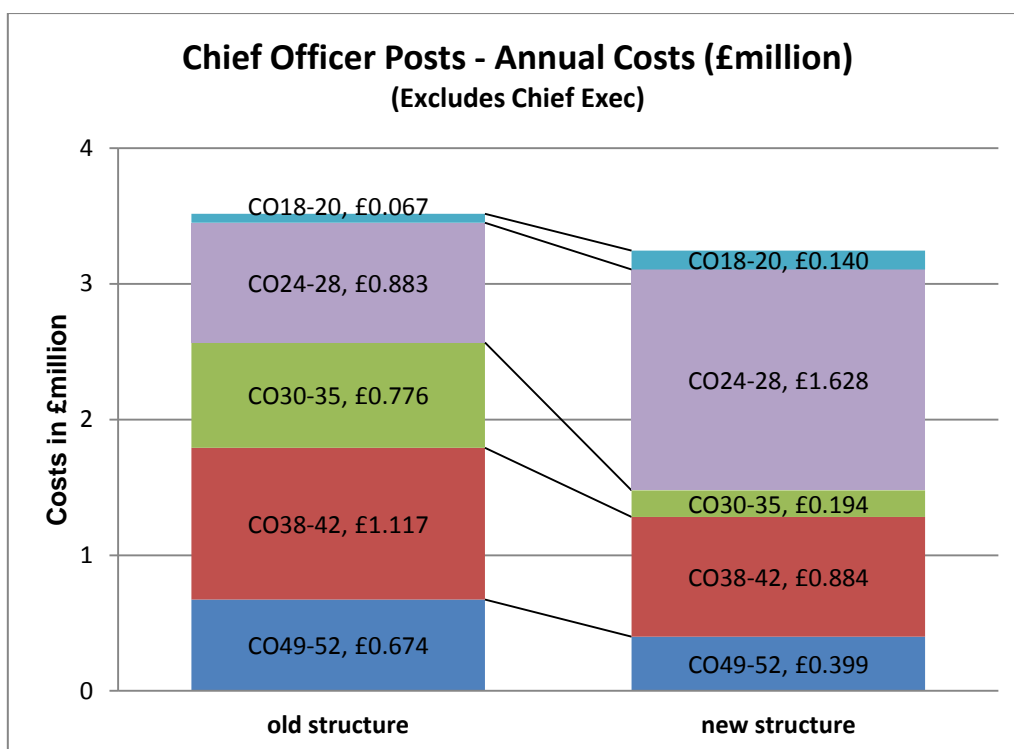
35. The objective was to implement a sustainable senior management structure, staffed with appropriately skilled and experienced senior managers capable of delivering in the modern working environment with all the additional pressures that brought around maintaining and improving services and performance under serious fiscal pressures. To this end, a conscious decision was made, and agreed at the MOG, to try to attract the best at Head of Service level with the salary set deliberately at some £5K-£6k above the generally expected Scottish equivalent or market rate for a role at that level in council's comparable to Angus. The Chief Executive is of the view that this policy attracted the calibre of staff required.
36. Assessing the savings from the restructure is particularly complex because of the phased nature in which the structure has been deployed and the fact that its implications go beyond chief officer graded posts into the top levels of LGE graded posts. The Table below summarises the position.

	Tier 1 posts	Other Chief Officer Posts	Total
Costs before restructure	£790,000	£2,729,000	£3,519,000
Costs after restructure	£399,000	£2,846,000	£3,245,000
Total savings	£391,000	-£117,000	£274,000

Note:

Figures exclude Chief Executive

37. The figures in the above table are based on those reflected in the various reports connected with the restructure (Phases 1 to 3) so don't reflect any adjustments made subsequently as part of service re-designs. In terms of the number of posts (excluding the Chief Executive) there were 35 posts paid at Chief Officer Grade prior to the restructure. Although the grades changed (to have fewer posts on the highest salaries) the number of Chief Officer graded posts remained at 35 in total following the restructure. At Tier 1 the numbers (excluding the Chief Executive) dropped from 6 to 3.
38. The following chart illustrates the streamlining of the structure at the higher tiers and the move of more responsibility, authority and empowerment to the service manager levels – CO 18-28.



39. Facilitating the restructure required extensive use of the Council’s early retirement and voluntary redundancy scheme. The Council’s policy in regard to early retirement and voluntary redundancy (ER/VR) is outlined in Personnel Advisory Bulletin 7. A core part of the scheme is that the early release would not normally be allowed unless there is a financial saving over 5 years. The management restructure has resulted in the release of 20 chief officer staff through the ER/VR scheme. Each case was considered by the Strategic Policy Executive Sub-Committee and included a comparison of the costs with the savings over 5 years. The table below gives a summary of the total costs and savings associated with the use of ER/VR as part of the restructure.

Restructure (CO Grades)	Implications for ER/VR Payback Calculation £000	Budget Implications One-Off £000	Budget Implications Ongoing £000
Phases 1 – 3 – Costs	2,406	1,434	564
Phases 1 – 3 - Savings	(3,872)	(3,872)	(838)
Net Savings (CO posts)	(1,466)	(2,438)	(274)

40. The above net ongoing saving is for chief officer graded posts only. One of the consequences of the restructure within People was the replacement of a number of top level LGE posts with a smaller number of CO graded posts. The estimated savings in LGE graded posts as part of the People restructure was some £521,000 so the recurring annual savings in total is estimated to be £795,000 (£274k+£521k).

41. As indicated above, assessing the full costs and savings from the restructure is complex and requires an assessment of posts at both Chief Officer and LGE grades and it has not been possible for the review team to undertake this detailed analysis work as part of this review. However in order that elected members and taxpayers can be assured that the savings expected have happened in practice it is considered appropriate to do this detailed analysis to confirm the final position in actual terms. This will pick up any

other adjustments to Chief Officer and LGE posts which have happened in the intervening period due to service redesigns.

R1 The panel recommends that a full assessment be conducted to confirm the final costs and savings that have been made in the restructure, by directorate. This should include an assessment across the Chief Officer, Senior, Professional and Manager grades.

ENVISAGED BENEFITS OF RESTRUCTURE

42. Interviews with the chief executive and the strategic directors highlighted a number of benefits which they expected to flow from the restructure. From the chief executive's perspective these related to the implementation of a sustainable structure which would improve performance by:-

- Delivering effective services
- Improving the quality of management
- Reducing costs
- Sorting historical structural anomalies by forming business units and grouping them in a more logical way

and moving organisationally to a more customer/service user focus.

43. The strategic directors were also signed up to the above benefits and drilled them down relative to their specific functional responsibilities. This meant that benefits for the Resources directorate were sought around streamlining structures in a way that maintained the statutory officer responsibilities, supported the change agenda and encouraged cross functional working. Communities were focused on reducing senior management and encouraging collaborative working, with the focus on better customer outcomes and building the capacity and capability of their staff to deliver on their devolved responsibilities. People directorate were looking to structure in a way that focused on quality and outcomes, supported getting universal services right and preparing for H&SCI.

BENEFITS REALISATION OF RESTRUCTURE

REDUCING COSTS/STREAMLINING

44. In terms of the delivery of the benefits outlined above, the panel believe the new structure has sorted the identified structural anomalies (eg Economic Development) and cost reductions have been realised and are ongoing.

IMPROVING QUALITY OF MANAGEMENT

45. Considerable work has been undertaken in terms of improving the quality of management within the council. This has included a formal leadership development programme for senior managers, the leadership forum and coaching arrangements.

46. It is somewhat difficult to provide hard evidence of the success of this but positive results coming from the leadership forum survey, where 61% feel there is strong leadership in the council, 91% know their

role as a leader and 59% are comfortable in that leadership role, suggest that the work to date has been successful at the senior levels.

47. Members of the EMT have been positive in terms of the improved management and leadership, citing more EMT visibility, a very corporately committed CMT and the strategic directors talking of generally positive feedback in terms of directorate and service management team structures.
48. The EMT have indicated their view that there is still work to be done at the middle manager level to support improved leadership and this is being taken forward under a specific leadership and management development programme for middle managers with the first cohort due to commence in June 2015.
49. The panel would be interested in revisiting this in the future.

R2 The Panel recommend this be revisited in 18 months to 2 years time, which would give time for the middle management development programme to bed in, and recommend views be sought from a comparable survey on a full diagonal slice of the organisation.

CUSTOMER/SERVICE FOCUS

50. The panel feel from their work and interviews that there is now far more of a customer focus in the council. The Strategic Director-Communities spoke of his directorate focus on improving the interaction and outcomes for the customer and using lean approaches to facilitate this as well as efficiencies and performance improvements. People directorate are focussing on, amongst other things, enhanced school inclusion (GIRFEC agenda) and improved school attainment. A requirement to hiftthe balance of care to care to home is a significant focus for adults and older people. Resources are providing an integrated support role and centre of excellence function and project management support to internal customers in terms of the Transforming Angus agenda.
51. The panel themselves feel an improvement in customer focus in their own areas from Officers, highlighting improved ease of access to officers and information.
52. Whilst there are considerable moves forward, the panel recognise that there is still work to be done around embedding a culture of customer focus at all levels in the organisation, covering both internal and external customers and note the Resources directorate are currently working on improving their customer feedback processes. The Panel feel that the move to utilising lean principles as part of the overall change work will help embed a customer focus in service delivery.

EFFECTIVE SERVICES/SPECIFIC DIRECTORATE AREAS

53. The effectiveness of services and service provision can be hard to measure. Performance information can help in this and discussions with the EMT around how performance has been measured were part of the interviews.
54. The chief executive indicated that in general the council performance indicators were not showing improved performance over the past 12-18 months but he felt that the restructure and the work around leadership have put the council in a position to succeed and improve. The Strategic Director-Resources agreed there was no hard evidence of performance improvement but highlighted maintenance of performance at a time of resource reductions and he felt there were improvements in the softer

elements around culture and leadership. The Strategic Director-People spoke of the real focus on performance and improvement at her SLT and management team meetings and the Strategic Director-Communities cited real improvement in voids performance, planning performance and consistent performance in building standards and highlighted that continuation of performance in the face of budget challenge was to be commended.

55. It is the panel's view that the building blocks for good performance and effective services are in place but this is difficult to evidence at this stage. The panel also recognise it may be too early to expect improvements in the overall performance results to come through.
56. Notwithstanding the above, the Panel would welcome the development of some reportable measures/demonstration of effectiveness of service delivery and recommend that the work around development/improvement of the performance management system take this on board to include and report on measures which demonstrate the effectiveness of services on an on-going basis.

RESTRUCTURE MEETING OBJECTIVES AND DELIVERING BENEFITS

57. The objectives of the restructure related to the need to implement a modernising structure which would support improved performance and efficiency, reduce costs, and be customer centric.
58. The Panel recognise that in an environment of change and transformation there will be continuing structural changes but are comfortable that the overall shape of the structure around the themes of Citizen, Community and Council is now in place and the structure appears sustainable for moving forward.
59. The Panel also feel that the restructure has brought benefits around culture change, improved leadership and more focus on the customer and feel that senior management including the leadership forum are generally signed up to that new structure, see benefits from it and understand their place and responsibilities within it.
60. The review work does suggest that the same vision is not shared to the same extent further down the structure. The review diagonal slice survey indicated that only 19% of respondents were aware of improvements that the management restructure had brought. Whilst accepting that a number of the respondents may have been from school based staff to whom senior management think the restructure has less relevance, the Panel remain concerned at this low figure and would look for this to be addressed as a matter of priority.
61. The Panel believe there would be benefit from measuring and monitoring the delivery of the objectives of the restructure within the performance management processes – around effective services noted previously, cost reduction and improved quality of management. Reporting of this through the organisation would also raise awareness of the benefits.

R3 The Panel recommend that the work around development/improvement of the performance management system take this on board to include and report on measures of effective services, cost reduction and improved quality of management on a concise, understandable basis.

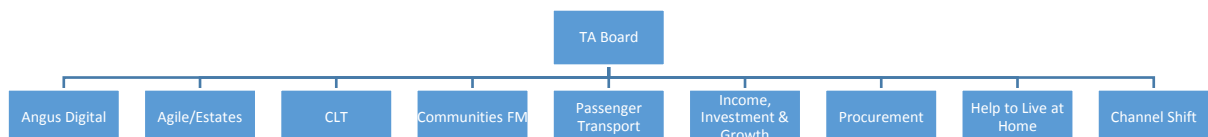
SECTION 4 – TRANSFORMING ANGUS

BACKGROUND

62. Transforming Angus was in place within the old management restructure with much of its concentration at that point on the leadership development programme. The new management team refreshed the programme to make it the single structure for the change activities outlined below.
63. The Transforming Angus programme is therefore a major transformational change initiative which seeks to deliver significant change to Council services that will result in improved customer experience and business processes with a view to also addressing the funding gap of the Council in future years. It is a single structure for managing the council's major change programme and is a structure which needs to be sustainable long-term.
64. The Council Plan for 2014-17 sets out how the programme will develop over the next few years to ensure alignment of delivery of efficiencies with Council priorities and outcomes for citizens.
65. The Council plan 2014-17 states *"Changing the way we work and the work that we do is both necessary and challenging. We must be willing and able to change, to adopt different service models and new ways of working and to deliver services with fewer resources. Through our transformation programme, Transforming Angus, we will plan and manage the key areas where organisational change is needed, to improve performance, address service priorities and reduce costs."*
66. The council plan sets out 11 specific priorities for transformational change and seeks to align delivery of efficiencies with council priorities and outcomes for citizens through four workstreams of Angus Digital; Improved Business Processes; Improved Customer Experience; and Agile working and Estates. The various programmes and projects within these streams are shown in Appendix 1. This represents the revised governance structure for the TA programme which will be considered by Policy and Resources at their June meeting.
67. Outwith the above, but within the umbrella of transformation and change are many other areas of work to build capacity and capability for change and address the council's budgetary savings requirements including
- Leadership and management development
 - Cultural change
 - DELTA Lean programme
 - Service reviews
 - Programmes of self-assessment
68. A table shown at Appendix 2 has been supplied by the Strategic Director, resources to show how the totality of work within Transforming Angus links to the council plan and the 11 priority areas for transformational change.
69. The Transforming Angus Board provides oversight as the governing body for the programme and is the key group providing strategic direction. The Board comprises Cllr Murray (Chair), the Executive Management Team, the Service Manager Transforming Angus, the Service Manager Governance & Consultancy the Communications Manager and an EY Director (where appropriate). The Board is

accountable to Elected Members, reporting to the Policy and Resources Committee and the Scrutiny and Audit Committee.

70. Two of the four workstreams above have governing boards (Angus Digital and Agile/Estates which report to the TA Board) whereas the Transforming Angus Board is the medium for governance, oversight and challenge for the various projects under the Improved Business Process and Improved Customer Experience streams. This is illustrated below



71. On a day-to-day basis, the TA programme is coordinated by the Service Manager Transforming Angus who reports to the Strategic Director-Resources as the EMT lead for transformation and change. All Strategic Directors are responsible for leading the transformational programme within their directorates with the EMT holding a collective responsibility for the delivery of the programme as a whole.

REVIEW FINDINGS – TRANSFORMING ANGUS

TRANSFORMING ANGUS – MEETING OBJECTIVES

72. It is critical that the Transforming Angus programme meet its objectives, especially around meeting the funding gap in future years. The funding gap on a pessimistic basis for 2015/16 to 2017/18 is circa £11m and rises to £20m for the period 2015/16 to 2018/19. The council strategy to address this potential shortfall, agreed by the PBSG, is to attempt to deliver most of the gap through the Transforming Angus programme and specifically significant corporate reviews, policy changes and service re-designs. Review of management and admin/clerical staffing levels; Mobile/Agile; Procurement; Help to Live at Home; Passenger Transport and Culture & Leisure Trust are the primary projects for delivery of the savings.
73. Non-delivery of the Transforming Angus programme is a risk on the corporate risk register. The risk sits above the risk appetite and an action plan is in place. Management updates on the actions to mitigate this risk (April 2015) show that arrangements for the resourcing, operation and governance of the programme are in place and that there is clarity on project and programme ownership and accountability. Actions around communications and around governance of the strategic partner are in progress.
74. To determine whether the Transforming Angus programme approach was robust, supportive of service & performance improvement and likely to deliver better outcomes for citizens, the Panel interviewed the council's strategic partner.
75. The Strategic Partner indicated that the council had articulated a high level vision, aims and outcomes which have been used to shape the current programme but noted that work was still underway to

articulate the specific outcomes that will be delivered by the key projects. The Transforming Angus Board and the EMT are aware that there is considerable work to be done around benefits realisation and mapping, managing and monitoring these and setting specific measures and target outcomes.

76. The four themes of the current programmes are the expected key areas around which a transforming council would concentrate.
77. The strategic partner has indicated that the approach of defining high level strategic outcomes then undertaking more work to define specific measures of success is a typical approach. The strategic partner also felt that the approach in Angus of building on a handful of priority initiatives gives a slower start but is likely to be more sustainable as it allows change to be controlled, confidence to be built and success to be demonstrated.
78. When asked whether the current programme is appropriate to achieve the Transforming Angus aims the strategic partner indicated that when first engaged they had reviewed the current programme to see if this was the case. The review outcomes, presented to the Transforming Angus Board, indicated there was a disconnect between the strategic focus of the programme and the focus of cost reduction on the ground. They found the approach was led by short term financial targets and the balance of early wins to strategic thinking was not right. They also found that the programme sat to the side of service priorities, there was a need for a strong evidence base for decision making and a need to challenge and push the boundaries of current thinking. However, they also felt that the result of this was a greater focus on working with key front-line staff to help them understand what Transforming Angus meant for them. The Strategic Partner also felt that the four priority projects they are involved in (Culture & Leisure Trust, Passenger Transport, Help to Live at Home, and Procurement) reflect that new focus.
79. The Panel are keen that staff throughout the council have an appropriate understanding of the Transformation programme and are involved in areas that affect them but this is not supported by the survey results showing only 27% of the respondents agreeing or mostly agreeing that their managers have explained Transforming Angus and what it means. Some of this may be explained by the programme being less relevant to schools based staff in the survey, but the EMT's view that there is work to be done to improve understanding of the programme corporately suggests current understanding and awareness is less than desired.
80. This should be helped by the leadership development work underway and discharge of previous recommendations around communication of restructuring benefits.

R4 The panel recommend that staff understanding of Transformation be retested in 12-18 months with a further diagonal slice survey.

81. The Panel were pleased to note that the Strategic Partner was supportive of the Angus approach and felt that the disconnect had been addressed in the areas in which they had been involved. It was also pleasing to note that the Strategic Partner praised the council staff involved for their cooperation and keenness to work with them and learn. Cllr Murray also noted that he was pleased at the numbers of staff keen to be involved and how this contributed to their development and would serve the Council well in the future.
82. In terms of the programme meeting its objectives, the Panel recognise that it is early days in respect of this and that there is considerable work currently underway to establish robust savings estimates for the large programmes feeding into the budget savings.

83. The Panel also note that while there is reporting on the Transforming Angus programme the reports are not specific to the programme priorities outlined in the council plan and it is therefore difficult to assess the progress in achieving the objectives.

R5 The Panel recommend that the current work on benefits realisation includes the establishment of focused and clear outcomes and identified benefits for the programme as a whole and for the workstreams. This should show the totality of the programme and its timescale, with measurable progress and benefits reported to the Policy & Resources Committee and Scrutiny & Audit within a concise dashboard type reporting mechanism.

R6 The Panel would therefore recommend that the current work on the performance management arrangements (CRR ref CORR0004.1), due to complete at the end of June 2015, look at developing measures which would demonstrate the achievement of the Transforming Angus objectives. This could be formulated around the 11 specific priorities for the period of the council plan, tracking both delivery and savings contributions to the funding gap.

TRANSFORMING ANGUS – OUTCOMES AND PACE OF CHANGE

84. Asked about success so far, the Strategic Director-Resources indicated he feels that given the initial delays in the establishment of the Programme Office and the unplanned staffing changes the programme has made good progress in getting established, clarifying its component parts, putting in place adequate governance and scrutiny arrangements, resourcing programmes and initiating work.
85. In terms of delivery of outcomes, the picture is mixed. Cllr Murray has recognised that this has not moved forward as quickly as envisaged. Some of this was around staffing issues but he felt other areas had stalled eg Agile. Cllr Murray is clear in his desire to keep up the pace as the programme has huge potential benefits for the citizens of Angus. The Strategic Director – Resources has indicated that a step back was taken on the Agile Programme to ensure it is delivered in a consistent, corporate and strategic manner.
86. There has been considerable work around the Culture and Leisure Trust which has moved forward in line with challenging timescales and will see a final business case presented to Council in September, with a go-live date, if Council agree the principle of a CLT, of 1 December. This is the biggest outcome so far of the change work. There have also been good outcomes around transfer of Fleet vehicle maintenance and the Residual Waste project, the council website has been completely transformed and the schools estates work is progressing. Very recently two outline business cases have been developed for Help to Live at Home and Passenger Transport which will be considered at committee shortly. Whilst the digital strategy and roadmap and agile working and accommodation strategy have recently been agreed, there are fewer actual outcomes in terms of hard change around Digital/ Agile and the Income Generation work has not yet commenced. The new website platform now enables delivery of digital channel shift.
87. The Panel share Cllr Murray's concerns around the pace of change of some of the work areas. Update reporting in relation to Transforming Angus has recently commenced, with a further report due to the June committee. This provides a great deal of information around much of the framework of transformation but does not provide detail of whether the programme as a whole, or the individual parts/streams is generally on course for delivery in terms of timescales and does not provide focused performance information (see previous comments).

R7 The Panel recommend that the reporting is reviewed and concise, focused performance information is provided to demonstrate progress and achievement of objectives.

TRANSFORMING ANGUS- EFFECTING CULTURAL CHANGE

88. One of the expected outcomes of the Transforming Angus agenda is cultural change. There is a need to move from the command and control culture of the past to a culture that is focused on improved performance, efficiency, continuous improvement and customer service within a framework of transformational change. The vision of this is within a culture of empowerment of staff, where employees are encouraged to identify and implement improvement and are supported to do so – the “tests of change” process in the People directorate being an example. Managers are encouraged, and supported through leadership development, to take responsibility for the delivery of their service to a far greater extent than they had been previously – and are encouraged to contribute to the change agenda through participation in change work and through sharing the messages within their teams.
89. Cultural change is a risk within the Corporate Risk Register. The risk iterated is around cultural change not evolving to meet the one council approach and resistance to change impacting on delivery of outcomes and is currently assessed as at above the risk appetite. An action plan is in place with all of the action either shown as complete or in progress.
90. Fundamental to mitigating the cultural change risk is the first action which management have set, around developing a clear strategy of council and service priorities to identify what are no longer priorities and need to be stopped. There has been limited progress on this although due to complete by June 2015. Other actions around communication of change are near their completion date, although some will be ongoing and there is a draft Transforming Angus communications plan which has been agreed by the Board.

R8 The Panel have some concerns around the fact that the establishment of a strategy of council and service priorities is likely to slip in terms of timescale and would recommend that this be a priority to be addressed. Without a detailed knowledge of the priorities of what must be done/could be stopped, potential savings opportunities are missed.

91. The Chief Executive has indicated that he believes that the leadership forum (representing senior managers from broadly the LG14 level up and including a representation of Head teachers) understands and embraces this culture but work is still required to drill this down.

The leadership forum survey results around the questions of culture indicate that a high number (88%) believe they have the correct level of authority to do their job and 81% believe they are empowered to make decisions. However, the results in relation to how the culture has changed are not as positive with only 37% feeling the culture has improved within the last year and 40% neither agreeing nor disagreeing with cultural improvement. In addition, only 57% of respondents believed leaders within the council behave in a manner reflective of the council values.

92. The diagonal slice survey asked the specific question “*I think the Transforming Angus programme has helped change the culture of the council for the better*”. The responses to this question are of concern with only 10% strongly agreeing or agreeing with the statement, and 64% neither agreeing nor disagreeing. This may be skewed by schools based staff but looked at in context of the leadership survey, the overall results show improvement is needed.
93. A further comparison of results from both surveys around the transformation agenda in terms of clarity and understanding also show a substantial difference in response between the members of the leadership forum and the middle management/teams as illustrated below. This would include

respondents from school based staff where TA is considered less relevant – therefore poorer results would be expected.

Leadership forum: my service is clear about the transformation / change agenda		Staff survey: My managers have explained Transforming Angus and what it means	
Strongly agree	23%	Strongly agree	6.5%
Mostly agree	47%	Mostly agree	21%
Neither agree nor disagree	20%	Neither agree nor disagree	18%
Mostly disagree	10%	Mostly disagree	25.5%
Strongly disagree	0%	Strongly disagree	29%

94. Added to this the response from the diagonal slice survey around the statement “management have communicated well around the changes that affect me” shows 34% either strongly agreeing or agreeing with 30% neither agreeing nor disagreeing and 36% either strongly or mostly disagreeing.
95. The survey results and the comparisons between them suggest that there is a long way to go in terms of embedding the desired cultural change in the organisation. Even in the leadership forum there is no particularly strong feeling that the culture has changed for the better, and this is certainly not the case from the diagonal slice results. The results also raise some concern over how managers have cascaded the vision around both the new culture and the general transformation agenda. Less than one-third of respondents within the diagonal slice survey believe their managers have explained Transforming Angus and what it means.
96. The Leadership survey participants made a number of suggestions around what could be done to improve the culture including:-
- Developing a one-council approach and removing the silo mentality
 - Empowerment – both managers and employees accepting mistakes might be made and providing support
 - Manage the change process better – better employee involvement
 - Communication
 - Reduce bureaucracy
97. The panel are of the view that this is an area which must be given priority. The results of the surveys indicate that there is work to be done and some of the mitigating actions on the risk register would seem to be at risk of slippage.

R9 As cultural change is critical to the success of Transforming Angus the panel would recommend that management further review this area and identify a way forward to ensure the change is communicated and embedded in the council and that the priority areas around which there is likely to be change are identified and communicated. Management should also consider a cultural

audit/review with interviews of key staff across all levels of the organisation to establish a baseline for moving forward.

COMMUNICATION

98. Communication is a strong theme that has come through during the review. When asked the Chief Executive and Strategic directors described a number of communication methods used both corporately and within their directorates but do recognise more could be done and share concerns about how well the messages are filtering down the structure.

99. Mini matters is used as a primary tool and generally does have a high readership across the council (94% leadership 75% others). There is a Transforming Angus area on the council intranet but this does not seem to be perceived as particularly useful and there is little information that is available generally eg Elected members cannot see the Transforming Angus Board minutes.

R10 It is recommended that the Transforming Angus information on the intranet, and the access to it, is reviewed to ensure that core documents eg minutes and relevant papers are widely available.

100. Many comments have been made within both surveys around communication and how it should and could be improved. This relates to both Transforming Angus and the Management restructure.

101. Ideas for improving communications from both surveys include:-

- Regular, clear and concise information with good practice examples
- Information on the intranet around the TA programme
- Look at alternative methods of communication
- Direct, personal communication from management
- Visits from senior managers to business units/team meetings – more visibility
- Face to face communications
- Cascade
- More staff consultation

102. A draft communications plan for Transforming Angus has been agreed by the Board but does not yet include the action plans for the corporate and programme workstreams. It is important that this is put in place and utilised to get the messages out to staff. The Panel do recognise that there needs to be outcomes to communicate and, if there are concerns about the pace of change of the programme then this will impact on what can be communicated.

103. The Service Manager, Transforming Angus indicated that in terms of improving communications around the programme it was his intention to arrange for newsletters, workshops and roadshows to be delivered along with greater use of social media.

R11 The Panel recommend that the communications plan be completed to include the action plans and made available corporately. Currently the draft is on the restricted Board area of the intranet. The final plan should be shared with the Policy and Resources and Scrutiny & Audit Committees.

STRATEGIC PARTNER APPOINTMENT (PROCESS & BENEFITS)

104. The panel reviewed the process for the appointment of the strategic partner and found this to be robust and in accordance with procurement regulations.
105. Discussions with the Officers interviewed as part of this review indicate that they all believe that the Strategic Partner has brought benefits to the Transformation Programme with good support recognised around the Culture and Leisure Trust giving value and adding pace to the programme which would not have moved forward so quickly without their input.
106. There are also a number of recognised benefits to the use of the strategic partner in bringing their experience of work done elsewhere, the critical friend challenge, specialist skills and wider commercial expertise.
107. It is recognised it is too early to really judge the benefits realisation but the panel agree with the Strategic Director-Resources comment around watching the costs of their input. With the recent upsurge in transformation activity the council needs to be clear on the costs, how those costs are assessed and to look at alternatives to the fixed fee basis of engagement on projects. The spend from the change fund is managed by the TA board and reported to the Scrutiny & Audit Committee and more detailed benefits realisation reporting and monitoring will be required as activity increases.

R12 Measures of success around the input of the strategic partner have not yet been established although in a wide sense this will be around overall cost of investment v benefits realised. Work is needed to capture, monitor and report this and the Panel recommend this is progressed urgently.

ADDITIONAL PRESSURES FROM RESTRUCTURE AND TRANSFORMING ANGUS

108. A time of change always brings additional pressures and the council is involved in a huge change programme which included a fundamental management restructure. The need to make major savings requires efficiencies which have seen staff reductions with related pressures to deliver services with reduced resources.
109. The restructuring saw a loss of organisational knowledge combined with far wider remits for the new Directors who had to take on their new roles, establish their directorate structures and deal with a significant cultural change agenda, any of which would be challenging in their own right. The Panel feel the EMT have risen to this challenge and have effected significant change over the period.
110. Middle and third tier managers have had to take on more responsibility for decision making and the delivery of their service and this growth has been challenging for some. The previously mentioned leadership and management development programmes are designed to support this but there is no doubt that delivery of services in the current environment of reduced resources is challenging.
111. The Transforming Angus agenda has brought additional pressure, both to those involved with the increased workload and those dealing with the potential gaps in service delivery resource arising. Whilst it is agreed that there should be wide participation in the change activities across the council this brings more pressures in terms of delivery of services where staff are working on change and day to day service delivery can struggle in terms of resource. There is also a danger that there could be a perception that change is being resourced while service delivery is left and a danger that too much resource moving into change and the Programme office can be seen as a return to centralised change.

112. The Panel are of the view that this is being managed. The Service Manager, Transforming Angus is in dialogue with the directorates and services around resource pressures arising from the TA work and bids have been made to backfill some posts and provide additional resource in areas critical to our change journey eg IT and Communications. Cllr Murray has also expressed his pleasure at the number of staff who are committed to Angus and the change programme and are keen to be involved.

113. It is a difficult area to find the balance and that is a challenge for the senior managers of the council. However, the areas within the transformational work are critical to the future of the council and the ongoing setting of a balanced budget. The scale of funding reductions makes major change an inevitability but the Panel believe that improved communication around the TA agenda with stories of change that staff can relate to would assist staff understanding and appreciation.

SECTION 5 - ONGOING SCRUTINY ARRANGEMENTS

114. Update reporting of the Transforming Angus programme to Committee commenced in February 2015, with this first report providing a substantial overview of the programme and arrangements and a short update on the current projects. A further report is due in June 2015.

115. Policy & Resources are the parent committee for the Transforming Angus programme and the committee to which the Board reports. Scrutiny & Audit also have a role in terms of ensuring progress of the programme and performance and effectiveness of service delivery.

116. This report has made a number of recommendations around performance management, setting measures of success, outcomes and benefits and reporting progress against these.

117. The Panel feel that a quarterly presentation of a Transforming Angus dashboard report charting progress of the overall portfolio and programmes against timescales and referencing actual savings and other benefits and outcomes against those expected (perhaps through a suite of KPI's), would fulfil the scrutiny requirements.

R13 The Panel therefore recommend that quarterly dashboard report on Transforming Angus be presented to the Scrutiny & Audit Committee.

SECTION 6 - GOVERNANCE

118. As a part of this scrutiny review the Internal Audit service was asked to review the governance arrangements for Transforming Angus. A copy of the report is included at Appendix 1.

119. The report raised a number of improvement areas around the governance of the programme and made 15 recommendations of which 6 were assessed as level 1. The report highlights that there is work to be done in terms of improving the governance framework around the programme and this includes, amongst other areas

- establishing the extent of the programme, current and potential
- formalising the remit of the board and reporting through programme workstreams
- formalising the process for identifying, reviewing, approving and prioritising projects

- developing business case methodology
- managing interdependencies
- reviewing programme and project management arrangements

120. An action plan has been put in place which indicates all but two of the 15 recommendations will be implemented by 30 June 2015.

121. A panel discussion with Cllr Murray indicates his view that the TA programme was chosen around big areas with big budgets for big savings. The base driver was the Culture & Leisure Trust and there was more of a focus around ensuring that this was taken forward than ensuring the wider programme governance arrangements were in place. The Board had felt the need to get going then deal with the fine tuning.

R14 The Panel note the above but are concerned that there is robust governance around the programme and that the Board operate at the appropriate high level. Accordingly the panel would recommend a quick follow up to the internal audit report with an update to the September 2015 Scrutiny & Audit Committee.

	Recommendation	Resp Person	EMT comment	Completion date
1	The panel recommends that a full assessment be conducted to confirm the final costs and savings that have been made in the restructure, by directorate. This should include an assessment across the Chief Officer, Senior, Professional and Manager grades.	Head of CI&F	Extent of LG grades to be included in the assessment needs definition. This does not take cognisance of the number of professional officers which have been reduced that are neither LG nor CO, and in some cases paid significantly more. The assessment also needs to take into consideration the starting point, not just the middle or end point. That was different for each directorate, investment was absolutely needed in some places and the justification for this was detailed in the committee reports.	31 Oct 2015
2	The Panel recommend the assessment of quality of management be revisited in 18 months to 2 years time which would give time for the middle management leadership programme to bed in and recommend views be sought from a comparable survey on a full diagonal slice of the organisation.	Head of Organisational Change	It is recommended that this assessment is undertaken as part of the 2017 staff satisfaction survey to avoid duplication of effort.	Dec 2017

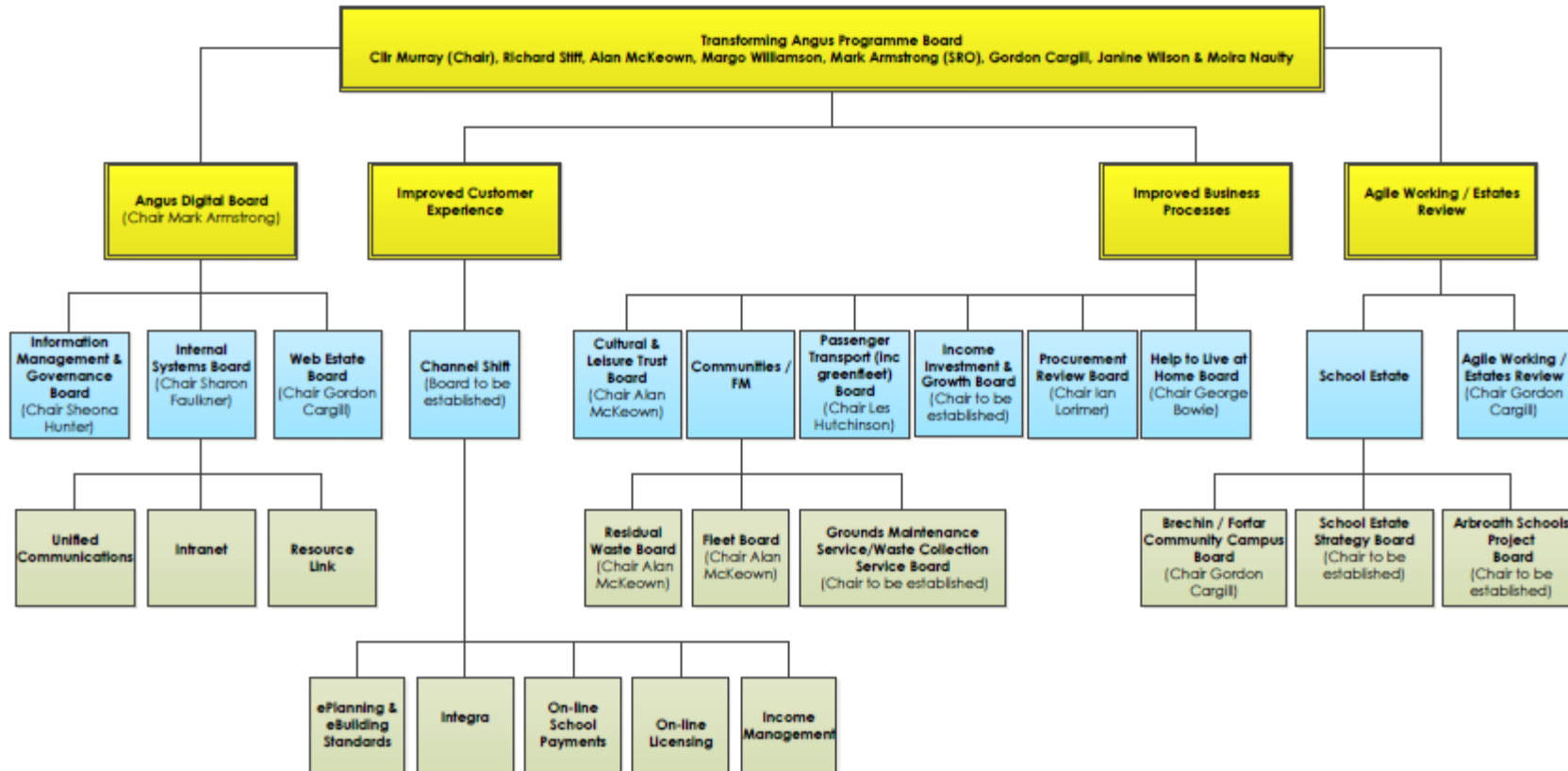
	Recommendation	Resp Person	EMT comment	Completion date
3/6/7	<p>The Panel recommend that the work around development/improvement of the performance management system (CRR ref CORR0004.1), due to complete at the end of June 2015,) be built on to include and report on:-</p> <ul style="list-style-type: none"> • measures of effective services • cost reduction • improved quality of management. • Achievement and progress against TA objectives (11 priority areas), tracking delivery and savings 	Head of CI&F	<p>Happy to see directorate and corporate dash boards but may need investment of time and resources so we can compare/benchmark effectively. The work scheduled to conclude in June will be implemented in accordance with that timetable. Thereafter it will be further developed to include the agreed areas</p> <p>The planned development of PBB aims to partially address this recommendation as detailed in Council reports 196/15 and 240/15.</p>	April 2016
4	The Panel recommend that staff understanding of Transformation be retested in 12-18 months with a further diagonal slice survey.	Service Manager (Transforming Angus)	EMT also commits to directorate work, not just a central set piece(s), and to do this as part of the communications, engagement and awareness approach. Any future diagonal slice survey needs to take better account of the staff profile across services in particular in relation to school based staff.	April 2017
5/7/13	The Panel recommend that the current work on benefits realisation includes the establishment of focused and clear outcomes and identified benefits for the programme as a whole and for the workstreams. This should show the totality of the programme and its timescale, with measurable progress and benefits reported to the Policy & Resources Committee and Scrutiny & Audit within a concise dashboard type reporting mechanism, on a quarterly basis	Service Manager (Transforming Angus)	<p>Agreed, objective and subjective and qualitative and quantitative measures. It should also cover customer views where necessary and appropriate.</p> <p>The first iteration of this improvement will be completed by the stated date. However, subsequent further improvement is envisaged beyond this date.</p>	December 2015

	Recommendation	Resp Person	EMT comment	Completion date
8	The Panel have some concerns around the fact that the establishment of a strategy of council and service priorities is likely to slip in terms of timescale and would recommend that this be a priority to be addressed. Without a detailed knowledge of the priorities of what must be done/could be stopped, potential savings opportunities are missed.	Head of CI&F	The planned development of PBB aims to address this recommendation as detailed in Council reports 196/15 and 240/15.	April 2016
9	As cultural change is critical to the success of Transforming Angus the panel would recommend that management further review this area and identify a way forward to ensure the change is communicated and embedded in the council and that the priority areas around which there is likely to be change are identified and communicated. Management should also consider a cultural audit/review with interviews of key staff across all levels of the organisation to establish a baseline and action plan for moving forward.	Chief Executive	The EMT will consider a cultural/audit review and how this could best be delivered	October 2015
10	It is recommended that the information on the site, and the access to it, is reviewed to ensure that core documents eg minutes and relevant papers are widely available.	Strategic Director Resources	This is being addressed through the development of the council's intranet and the TA communication and engagement work.	December 2015
11	The Panel recommend that the communications plan be completed to include the action plans and made available corporately. Currently the draft is on the restricted Board area of the intranet. The final plan should be shared with the Scrutiny & Audit Committee.	Strategic Director Resources	This is being addressed through the development of the council's intranet and the TA communication and engagement work	October 2015

	Recommendation	Resp Person	EMT comment	Completion date
12	Measures of success around the input of the strategic partner have not yet been established although in a wide sense this will be around overall cost of investment v benefits realised. Work is needed to capture, monitor and report this and the Panel recommend this is progressed urgently.	Service Manager (Transforming Angus)	This links to recommendation 5 and overall change programme benefits realisation.	December 2015
14	The Panel note the above but are concerned that there is robust governance around the programme and that the Board operate at the appropriate high level. Accordingly the panel would recommend a quick follow up to the internal audit report with an update to the September 2015 Scrutiny & Audit Committee.	Audit Manager		30 Sept 2015

Scrutiny Review – Transforming Angus & Management Restructure – Action Plan

Transforming Angus Governance Structure V3



TRANSFORMATION ACTIVITY

<p>Council Plan</p> <p>Transformational change priorities</p>	<p>Transforming Angus Workstreams</p> <p>(App 1 to Council Plan)</p>	<p>Transforming Angus Projects/programmes</p> <p>(App 4 to R47/15)</p>	<p>Other Transformation activity</p>
<p>Extend our use of digital technologies to improve customer service and reduce costs; a key objective for 2014/15 is the development of 24/7 online customer services on a redesigned council website</p>	<p>Angus Digital</p> <p>Improved Customer Experience</p>	<p>Information management and governance</p> <p>Internal Systems programme</p> <p>Channel Shift programme</p>	<p>Web Estate moving to 'business as usual'</p>
<p>Review how we do our business; explore opportunities to deliver more effective services; remove inefficiencies and duplication from internal processes</p>	<p>Improved Business Processes</p>	<p>Culture & Leisure Trust</p> <p>Help to Live at Home</p> <p>Procurement</p> <p>Passenger Transport</p> <p>Communities FM</p> <p>Fleet</p> <p>Residual Waste</p>	<p>Service reviews</p> <p>Cultural change</p> <p>DELTA Lean</p>

		Grounds Maintenance	
Review our workforce to ensure it is led and managed effectively, is the right size and shape, is motivated and has the skills, knowledge and tools needed	Improved Business Processes Improved Customer Experience	Channel Shift programme	Workforce Strategy and Service Workforce plans Leadership development Cultural Change DELTA Lean
Develop our performance management arrangements	Improved Business Process Improved Customer Experience		Corporate Improvement
Improve customer experience by developing services around citizens' needs; do things once and do them well	Angus Digital Improved customer experience	Internal Systems programme Channel Shift programme	Web Estate moving to 'business as usual' DELTA Lean Service Reviews Self-assessment
Introduce public Wi-Fi access in our libraries, museums, galleries, leisure facilities and access offices to encourage and enable digital engagement	Angus Digital Improved customer	Information management and governance Internal Systems programme	Web Estate moving to 'business as usual' Angus Digital strategy and roadmap

	experience	Channel Shift programme	
Examine the case for the creation of a culture and leisure trust to provide the library, museum, gallery, leisure, outdoor education and country park services and facilities in Angus	Improved Business Processes	Culture & Leisure Trust	Workforce Strategy and Service Workforce plans
Review the way that social care services are commissioned and procured and, along with other options, explore the creation of a social care trust	Improved Business Processes	Help to Live at Home	Workforce Strategy and Service Workforce plans
Promote a more agile approach to how and where we work	Agile Working and Estates Review	Agile Working / Accommodation Board	Workforce Strategy and Service Workforce plans Cultural Change
Review our property estate to ensure we gain maximum value from our buildings and reduce our costs	Agile Working and Estates Review	Agile Working / Accommodation Board	

Review our schools estate to ensure we deliver a 21st century educational experience to our pupils and a community benefit to our citizens and partners	Agile Working and Estates Review	School Estate	