



Transformation Programme

**November 2016
(FINAL)**

Swindon Internal Audit Services: Transformation Programme**Contents and Distribution****Contents**

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Report Distribution – Final report issued on 8th November 2016 to:**Corporate Management Team**

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Swindon Internal Audit Services: Transformation Programme

Executive Summary

Background

This audit was undertaken to provide assurance to the Chief Executive and Board Director: Resources that the risks involved with the Council's change programmes are being managed effectively and efficiently. The Board Director: Resources has requested a gateway-style review, to independently appraise change programme progress to date and determine readiness to enter the next phase of delivery.

By 2020, the Council has plans to deliver £66m of savings across three areas: Going Local, Building Resilience and Growing the Economy. The transformation work had been co-ordinated by the Head of Transformation and Corporate Programmes, reporting to the Head of Finance and Change. A number of enabling functions (Finance, ICT, HR and Change) support service areas in the delivery of the Council's transformation. Separate plans and savings targets are being developed for this work. The Head of Transformation and Corporate Programmes left the Council in May 2016. At the time of the audit, recruitment was underway for this post and a new post, Corporate Transformation Manager. Plans are being defined and it is intended to use an "agile" approach to deliver change initiatives.

Audit Opinion

The impact and materiality of the Transformation Programme is considered **high** and combined with the Auditor's opinion that **significant improvements are required**, gives an overall risk assessment to the Council of "**of concern**".

Key Messages

The Council's maturity in change and transformation has increased significantly over the last 18 months. A new Vision has been published alongside four Council priorities that align well to the Council's strategic context (i.e. increasing demand for services and significantly reducing central government funding and changing funding model). The Council Plan 2016 to 2020 identifies high-level actions required to deliver the vision and 30 pledges or outputs that will be delivered as part of this. There has been significant investment in change over the last 18 months and the Council's capability and capacity to change has been greatly enhanced as a result.

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The Change Programmes for 2015/16 delivered significant outcomes and savings. A balanced budget position has been consistently achieved, as a result of significant savings delivered each year.

Officers and Members have worked extremely hard to achieve an unprecedented level of change in the Council, including the transfer of Leisure services and insourcing of ICT services from Capita, insourcing of Learning Disability services from SEQOL and the transfer of the majority of Swindon Commercial Services back to the Council from its status as an arms-length commercial organisation.

The Council is currently reviewing what has been achieved from the 2015/16 change programmes and is re-defining change activity from 2016 to 2020. It has analysed and has defined the financial challenges it needs to meet. Associated savings targets have been allocated across three themes, to deliver through Going Local, Building Resilience and Economy. An additional plan and savings targets is also being prepared for the Enabling function.

The Council is going to need to fundamentally change the way in which it works and the services it provides to meet budget challenges to 2020. There are a number of areas identified in this report that the Council will need to address if the Vision is to be delivered and savings achieved. There is consensus across the senior management cohort that developing current leadership capacity, capability and consistency throughout the organisation will be fundamental to support the successful delivery of change.

In particular the following areas for consideration have been raised during this audit review and will need to be addressed by the Council's leadership cohort:

a) Pressure to deliver savings and impact on management of change

- The Council has needed to respond to considerable financial pressures since 2009/10. A close relationship between Finance and Change has rightly been established as substantial savings have needed to be delivered through change activity. Arguably, the financial context has been the single most significant driver of change in recent years.
- Departments have responded well to the pace of savings required to balance the Council's budget. Prior to the 2015/16 change programmes, from "Stronger Together" programmes and other activities, the Council delivered £83m of savings from existing budgets, including over 500 post deletions. If the Council had not delivered savings at this pace, it would not have met the requirements of the Local Government Finance Act, to set a balanced annual budget.
- The financial situation to at least 2020 remains significantly challenging. In addition to savings already delivered, a funding gap of £66m has been projected between financial years 2016/17 to 2019/20. Therefore, the need for continued focus on finance and delivering savings at pace through change activities remains in place.

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- However, a number of officers who were responsible for the delivery of 2015/16 change programmes felt that the focus on finance has resulted in what the Council needs to save financially taking priority in delivering change and that focus on the delivery of wider, non-financial benefits and outcomes for service users through change activities has reduced.
- In addition, some officers interviewed felt that the required pace of delivery of savings has contributed to a change approach that is sometimes characterised by a rush to deliver at an uneven pace, with a lack of sufficient engagement and planning. Other officers stated that the pressure to deliver meant that there was limited time to “see the big picture” before starting work and applying the most appropriate approach to the delivery of change, including management of stakeholders.
- As a result of this, some officers felt that not enough work was undertaken at the outset of some projects to comprehensively identify stakeholders and then collaboratively define the problems to be solved and solutions to these problems, to build a body of support for changes that would otherwise not be welcomed by residents and service users.
- Some officers would like to see a change method that sets minimum requirements around the definition and design phases of a change initiative, and for there to be agile, proportionate governance process in place to ensure these minimum standards have been sufficiently met, before moving to the next programme phase. Prior to leaving the Council, the previous Head of Transformation and Strategic Programmes was working with Corporate Management Team to define an agile change methodology, to ensure that a consistent approach was in place and minimum standards of governance were defined in relation to change programmes. Unfortunately, this officer left before the methodology was finalised. As a result, the Council does not have an agreed change methodology that sets minimum standards for planning, approval and delivery of change.
- There is currently a tension between the need to deliver change and related savings at pace and the need to carry out detailed engagement and consultation around complex issues. A view from some managers is that more time needs to be spent in the definition and design phases of change initiatives, including ensuring that sufficient insight is gathered into a problem and that collaboration and consultation takes place. This is difficult to achieve when the need to deliver savings in line with projected shortfalls is so great.
- Both views are legitimate and are relevant to the strategic context the Council is operating in, where significant savings are required, but the level of change required is complex, potentially unpopular and difficult to define/design. However, there is not agreement across senior management in the organisation in terms of how the balance between these issues should be set.
- Teams are working hard to deliver change on an ongoing basis, but, initial momentum behind the change programmes from the corporate centre has been lost, partially due to disagreements over how best to approach and deliver change but also due to the resignation of the Head of Transformation and Strategic Projects.

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- The Council needs to unify leadership and address these issues and rebuild momentum for change across the organisation. If it does not, it is likely the Council will not deliver sufficient change in time to address continually growing financial pressures.
- Corporate Management Team therefore need to urgently agree a direction going forward, which is committed to by all and which should then be formalised in agreed change methodology and be applied to initiatives going forward.

b) Other considerations

- The Council has not yet produced an organisational blueprint. The organisational blueprint gives a detailed description of the required future state of the organisation and a detailed description of the organisation's current state, analysing the gap between future and current states and actions required to move between these. This will help with both planning for change and being able to communicate a tangible vision of change to the organisation's stakeholders.
- An agile approach has been applied to programme governance processes to ensure unnecessary administrative burdens are removed from the management of the delivery of change initiatives. The sponsoring body (the Stronger Together Executive) met in 2015/16 to direct and control change programmes within tolerances set by Corporate Board and Cabinet. However, this Board has been described by officers as "fizzling-out" part-way through the year. Some senior managers have stated that they do not feel there is sufficient corporate co-ordination and governance of change and that there is not sufficient information to direct, control and work collaboratively across change programmes. Officers interviewed do not want to return to onerous, bureaucratic processes for planning, monitoring and reporting on programmes and projects, but would like to see governance arrangements revisited to identify and ensure a workable set of governance requirements are in place to guide and set minimum standards for officers and programmes to work to.
- Corporate Management Team, Leader's Advisory Group and Cabinet are currently operating in a rapidly changing, complex environment. Views given by senior managers during the audit suggest that there are opportunities going forward to continue to develop relationships within and between these bodies, to ensure greater parity in areas of organisational direction, planning and decision making.
- A number of cultural issues in the organisation that may affect delivery of change have been raised by officers, a number of which have been raised in previous, similar audit reviews. The organisation's tendency towards reactive, crisis management, perceived continued silo-working rather than a culture of applying systems-thinking approaches to issue resolution and non-compliance of staff with policies and organisational requirements have been stated as potential barriers to changing the way the Council works and delivers services.
- To meet the Council's vision for 2020, staff will need to change the way they work, in line with the new organisational Values and Behaviours. However, historically the rate of completion of appraisals has been low and relates to the point made in

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relation to a culture of staff non-compliance with organisational requirements mentioned above. Without this key mechanism in place to set expectations and objectives for staff in terms of *how* they work, it is unlikely the new values will be embedded and generate the type of cultural change required to deliver the Council's new vision. This will be a mechanism that will also help "explicate" the vision to staff throughout the organisation i.e. it will help make the vision real and meaningful to staff, through clear objective setting for individuals related to business plans.

- Capacity in the organisation has been raised as a key concern by all staff interviewed during this review. They felt that the organisation is overloaded at all levels, with a tension between business as usual requirements and the ability to devote resources to change.
- Several officers have stated that they feel the Council leadership approach is too top-down, that there is too much "push" to departments to deliver change, rather than "pull" from service areas to take ownership of change. Officers have stated that there are opportunities to motivate, develop and empower staff to identify, own and deliver change from the bottom-up. Concerns have been raised that there are a number of single points of failure in the organisation, especially in relation to leaders and senior officers. A lack of succession planning is a risk that has been mentioned by a number of officers. There is a desire to introduce a more distributed model of leadership in the organisation to address these issues among senior managers, which will also have the benefit of freeing senior manager's time to focus on more strategic issues, but significant work, new capacity and skills will be needed to develop and embed this model of leadership as part of a co-ordinated leadership development programme. The Council needs to ensure that it has the right resources, capacity and skills to lead and support change at all levels of the organisation.
- Some officers have commented that they would like to see more frequent communication of organisational success and progress, to build momentum and enthusiasm in staff around change.

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Context

In June 2011 the Council started its “Stronger Together” transformation programme, and restructured into three key pillars; Commissioning, Service Delivery and Localities, along with an enabling support function.

As part of this change, new ways of working were proposed to address the costs and pressures related to rising demand for services and significant reductions in central government funding. Work was organised into six change programmes that were focused on delivering more sustainable, focused services.

A high level review of Stronger Together progress was undertaken by the Council's Corporate Board (now Corporate Management Team) in February 2015. From this work, it was agreed that three themes for Stronger Together would be developed throughout 2015/16. These would be delivered through ten refocused change programmes. During 2015/16 the Council's 2020 Vision was developed, agreed and communicated to staff and stakeholders, addressing the Council's strategic context and confirming and communicating the Council's strategic direction. The Council Plan, which consolidates the Vision, Council's Priorities and Pledges for Delivery, was published in June 2016. Refreshed roles for key programme structures, boards, teams and personnel were agreed (including the Council's Enabling functions) and outcomes for the ten change programmes' were developed and agreed.

In 2016/17, work has been undertaken to consolidate the 2015/16 change programmes into a “total transformation approach”, to deliver an organisation that is financially sustainable over the long-term and is able to deliver the vision and Council Plan for Swindon by 2020.

The Council has analysed its medium term financial context and projected a funding gap to 2020 of £66m. Three themes of work have been identified to deliver the £66m of savings under – Going Local, Building Resilience and Economy. An additional plan and savings targets for “enabling” functions is also being produced.

The Corporate Director: Resources has requested a gateway-style review, to independently appraise change programme progress to date and determine readiness to enter the next phase of delivery.

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Risk Areas Examined and Findings

In accordance with best practice, a risk-based approach was adopted that identified the key risks to the business objectives and those mitigating actions/controls that should be in place. The auditor then assessed the effectiveness of the mitigating controls through examination of relevant documents, procedures and detailed testing.

The key risks to the achievement of the business objectives were discussed and agreed with the Chief Executive, Board Director Resources and Head of Finance and Change before the commencement of the audit. The table below summarises the Risk Areas examined during the review and provides an assessment of the adequacy of controls in place for each area of risk examined:

Risk Area Examined and Findings	Audit Conclusion
<p>Risk: Vision, Priorities, Plans and Direction</p> <ul style="list-style-type: none"> The strategic context and medium-term financial position for the Council has been identified, well analysed and is set out clearly in the Council Plan to 2020. The Vision, Priorities and Pledges are an appropriate response to the strategic context outlined. These include principles from Stronger Together that remain relevant to the current challenges facing the Council, including strategic commissioning and collaborative working. The funding gap to 2020 has been identified, along with additional likely cost pressures that have been identified in year, relating to Adult and Children services and Public Power Solutions. Change programme activity in 2015/16 was well aligned to this strategic context and has allowed the Council to balance its budget for another successive year, despite ongoing funding reductions and significant demand pressures. However, the organisation has not yet produced an organisational blueprint. The organisational blueprint gives a detailed description of the required future state of the organisation and a detailed description of the organisation's current state, analysing the gap between future and current states and actions required to move between these. This will help with both planning for change and being able to communicate a tangible vision of change to the organisation's stakeholders. Definition work for the change programmes is underway for 2016 to 2020. Building on lessons learned from the 2015/16 change programmes, work has been split into three themes: Going Local, Building Resilience and Economy. A detailed direction of travel/road map has been published for Place, that includes planned actions, outcomes, attached savings and a high level assessment of resources required. A further area, Enabling, is currently being scoped and will help other service areas to develop and modernise services, and deliver associated cost savings (for example greater use of technology and digital services). Savings required to meet the identified funding gap have been apportioned to the three themes. Outstanding deliverables from 2015/16 are being appraised as the change programmes transition into these new themes and programmes of work. 	<p>Satisfactory</p>

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<ul style="list-style-type: none"> • The three themes and enabling work are at different stages of definition. Although high level plans are in place, more detailed definition work will be required, in line with new “agile” principles that are starting to be applied to the Council’s way of working. The detailed planning will need to reflect the additional £5.4m to be found in 2016/17 and any additional recurring pressures in future years. • Significant investment has been made into communicating the Vision to stakeholders, including staff and residents. This includes an event to launch the Vision, all-staff briefing sessions and higher profile communication of the Vision through digital and physical marketing campaigns. • The Council Plan also now clarifies the links between the Council’s strategic context, the vision, the priorities and pledges. Recent staff survey results (undertaken before the launch of the Council Plan) suggest that, although knowledge and understanding of the Vision is significantly improved, more needs to be done to make the Vision relevant and meaningful to staff and to increase staff engagement with change. 	
<p>Risk: Leadership</p> <ul style="list-style-type: none"> • Leadership development is part of the proposed Enabling programme, under the People work stream. The Council has not yet defined required skills, capabilities and behaviours of its leadership cohort and how these will be measured and appraised. • It has also not formally defined the type of leadership model that will best support the change the Council is trying to deliver and what needs to be done to ensure this is put in place. There are a number of examples of collaborative management practice starting to emerge in the Council, including leadership team away days and good examples of service areas working together in relation to identified issues, for example supported living work between Social Care, Housing Design and Localities teams. • A formal strategy in relation to establishing a collaborative, distributed leadership model, that emphasises collaboration around problem solving and governance and working outside of traditional hierarchies, would be beneficial to develop, along with clear plans for implementation and review. • By delivering a leadership development programme across all levels of the Council, there are opportunities to develop and improve the calibre of staff who show potential to act in leadership roles, which will also help to address succession planning and single point of failure risks in the leadership cohort. • The current Swindon Manager development programme provides a useful specification for management competencies required at the most fundamental level. This will form the basis of a wider leadership development programme that will take managers and leaders beyond the fundamentals required, to enable staff to lead and enable change. • Strong, unified, collaborative, and distributed leadership is required to deliver complex and significant change in an organisation. Several senior managers have described a senior management culture that is not always sufficiently unified or consistent in its view of some key elements of change. 	<p style="text-align: center;">Significant improvements required</p>

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Risk: Change Methodology

- The Council has invested significantly in change over the last 18 months, recruiting a Head of Transformation and Corporate Programmes, resourcing a programme and project management, and recruiting into change lead and support roles. These staff have worked in the corporate centre and alongside service area senior management teams. This dedicated change support; coupled with considerable effort from staff at all levels has helped change projects move forward in 2015/16.
- Throughout 2015/16 the Council has trialled a number of different approaches to change and programme project management to deliver outcomes. Lessons learned reviews have been carried out by programme teams as programmes have moved into 2016/17 (for example for the Cultural and Community Assets programme), with a view to developing a consistent, minimum standard of change management, to coordinate and control each stage of change in key areas, from definition to delivery of change, through to making change sustainable. An outline of a change method was produced by the previous Head of Transformation and Corporate programmes, but has not been developed further.
- Lessons learned from the programme reviews highlight the need for:
 - A detailed definition stage, using sufficient evidence and analysis to determine the right approach, pace, roles and team.
 - Designing the appropriate engagement and stakeholder management approach throughout the foreseeable phases and ensuring that a collaborative approach is taken to issue definition and problem solving. Being brave enough to build a narrative with key stakeholders as part of the engagement process.
 - Correctly resourcing, empowering and energising teams to drive forward delivery.
 - “Getting on the front foot and staying there”, in contrast to some managers comments that it feels like we have delivered outputs/outcomes by “the seat of our pants” at a sometimes rushed, uneven pace.
- Managers interviewed expressed a need not to have overly bureaucratic change processes, especially when capacity is scarce and time pressures are significant. However, a number of managers interviewed did state that a proportionate change method, with consistent minimum standards for the definition, design, delivery and sustaining phases of change would be beneficial, providing clear expectations, consistency and sustainable processes, to help address issues identified in previous projects.
- Some officers also highlighted the potential benefit of an overall sponsoring-body periodic review of change initiatives against a standard change methodology, to ensure minimum standards had been met and to provide constructive challenge and collaborative support before moving to the next project phase.

**Significant
improvements
required**

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Risk: Programme Governance and Management Arrangements

- At the definition phase of the 2015/16 change programmes, programme governance arrangements were established. This included a sponsoring body (the Stronger Together Executive), formal allocation of programme roles to officers and members along with a specification of roles and examples of good practice in those roles. A defined process for the sponsoring body to govern change initiatives, including agreeing benefits and investment, co-ordinating independencies, agreeing stakeholders and risks, holding teams to account for delivery, etc. was also included.
- Governance arrangements for programmes below this level have consciously been left to the discretion of service areas to design, to develop ways of working that are appropriate to the work and nature of services subject to change.
- The Stronger Together Executive has been on hold for a number of months now and reporting of progress and risks/issues arising on programmes is on an exception basis to Corporate Management Team. As part of this process, the previous Head of Transformation and Corporate Programmes would regularly liaise with Programme Managers and help to address risks and issues, communicating with various SBC stakeholders.
- A number of senior managers interviewed during this review did not want to return to overly bureaucratic governance and reporting processes for programmes, projects and change initiatives and welcomed an agile approach, but not all felt there was currently enough visible co-ordinated, cohesive corporate governance in place.

**Significant
improvements
required**

Risk: Culture, Values and Behaviours

- The majority of officers interviewed felt that changing organisational culture, values and behaviours would be critical to the Council successfully delivering the Vision and Council Plan. New values that emphasise collaboration, resilience, building capacity in communities, innovation, acceptance of change and putting Swindon and its people at the heart of everything we do. In this way the values align well to the original vision for Stronger Together and the direction of travel required to deliver the current Vision. However, there are potentially entrenched issues to address in terms of the current culture, for example a culture of non-compliance with corporate policies and mandatory requirements. An example of this was the relatively simple mandatory requirement to complete information security training by a certain date. Significant proportion of the organisation's staff, including senior managers who should be leading by example, had not completed the training by the required date.
- Setting clear objectives and expectations around values and behaviours during the appraisal process and at follow-up 1:1 sessions will be a key mechanism by which the new values and behaviours are cascaded to staff. However, historically the completion rate of appraisals has been low. Unless this is resolved it is unlikely the Council will be able to change the way it works in a meaningful and sustainable way.

**Significant
improvements
required**

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Risk: Capacity, Capability, Roles and Resources

- Although the Council has invested heavily in change, there is a finite resource within the organisation to deliver change as well as business as usual requirements.
- The Council has been under sustained pressure for a number of years, with many competing demands for staff time, including bringing ICT, Swindon Commercial Services and services from SEQOL back into the Council as well as balancing the budget in extremely challenging circumstances.
- Allocation of resource in 2015/16 and 2016/17 has been targeted to the areas that will produce the most significant financial savings, for example parishing the borough and the transfer of Streetsmart services.
- Examples have been given of lack of senior management and middle management capacity to lead and deliver change at the same time as business as usual activities. Where additional change resource has been allocated to service areas, especially to support senior management teams, this has been recognised as highly beneficial and created strong links between service areas and the corporate change team, to enhance the governance and management of change.
- At present, some key Change roles are vacant, including the Head of Corporate Transformation and Corporate Transformation Manager. Prior to the previous Head of Transformation and Corporate Programmes departure, a structure for the Change and Programme teams was in the process of being developed, along with plans for building capacity in specific service areas (e.g. Children's and Adults services).
- There is potential for some functions and roles to overlap in enabling functions, for example organisational development and change, which have the potential to be planned, resourced and delivered by both Human Resources and the Change teams. The Council will need to ensure roles and responsibilities between enabling functions are clearly defined.
- It would be beneficial to ensure roles, resources and capabilities are identified and developed/recruited/implemented prior to progressing further with programmes, to avoid needing to fit these retrospectively during the delivery phase.

**Significant
improvements
required**

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Risk: Deliverables

- The Council has delivered a significant amount of change in the last 18 months, using scarce and reducing resources. The strategic direction of the Council has been set, the Council Plan with supporting Vision and priorities has been produced, the budget has been balanced each year and there have been significant ongoing contributions to the Council's transformation fund to further invest in change. Savings obtained in service areas have been considerable, for example approximately £5.7m in Adult Social Care in 2015/16, although the budget did overspend by £667,000, due to pressures arising in other areas. Successful initiatives in Adults services, such as use of "Link Workers" in place of qualified social workers to provide lower level support have been successfully trialled and implemented.
- Workforce development in Children's services has seen a reduction in Children's social worker vacancies, some improvements in ICT, development of social worker competencies, revised policies and processes in Care and Placements and progress to staff and deliver the Multi-Agency-Support Team (MASH).
- Considerable work to parish the borough has been ongoing for two years, with a number of consultation exercises and pilots supporting the process throughout. As a result of this, the Council is working to ensure a number of services are provided by Parish Councils throughout the borough from 1st April 2017.
- The Council has brought back a failing ICT service from Capita in February 2016, which is already starting to show improvement in performance. Similarly the majority of Swindon Commercial Services has successfully transitioned back to the Council. The Learning Disability service has been transferred from SEQOL back to the Council and the process for consultation around a new proposed plan for library service provision has begun.
- Deliverables from the 2015/16 change programmes still remain, but the Council is now using the opportunity to reflect, to redefine its change programmes and align activity to the financial challenge it currently faces to 2020 and beyond.

High standard

Overall Opinion

Materiality and Impact: At present, the Council relies significantly on Central Government to partly fund its services through the Revenue Support and other grant funding. This method of funding Local Authorities is expected to be withdrawn completely by 2020, resulting in Council services becoming fully funded from council tax, business rates and local charges in future.

Forecasts in cost pressures and council tax income receipts suggest that, if there are no changes in the way services are provided, the overall pressure on the Council budget will be between £70m to £80m over the next four years.

The Council's current transformation agenda will be crucial to ensure that the Council will become a sustainable organisation that is in control of its funding sources and is living within its means by 2020. The materiality of the transformation programme is therefore **High**.

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The Transformation Programme will also be instrumental in delivering the objectives set out in the Council's Vision and Plan to 2020. Its impact is therefore considered **High**.

Opinion on system controls: Significant improvements required (see Appendix A) i.e. the auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.

Overall Assessment of Risk: the combination of the medium impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **of concern**:

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Moderate	Minimal	Minimal
2	Satisfactory	Moderate	Moderate	Minimal
3	Significant improvements required	Of concern	Moderate	Moderate
4	Fundamental weaknesses identified	Significant	Of concern	Moderate

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Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of the council's Transformation Programme, together with the recommendations to mitigate risks, the manager's response to the recommendations, along with the officer responsible and timescale for implementation. In order for you to identify the most significant matters arising, which affect the reliance that can be placed on the controls reviewed, the recommendations have been prioritised.

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
1	<i>Risk: Change Leadership</i>			
1.1	<p>Successful change requires senior management to be united, to ensure that efforts are aligned and momentum for change is maintained. Several senior managers interviewed during the audit have commented that the culture of senior management has not always been consistent and working in the same direction.</p> <p>As a result, momentum for change at the corporate centre has reduced in 2016/17.</p> <p>This loss of momentum has been exacerbated by the resignation of the Head of Transformation and Strategic Programmes and continued vacancies in this area.</p> <p>Working to develop unified leadership in relation to change will help rebuild momentum and create an effective environment to address the other issues/opportunities identified in this report.</p> <p>There is also an opportunity to develop greater parity of direction, planning and decision making between the Leader's Advisory Group, Cabinet and Council senior management teams, some officers feel would benefit effective change programme definition, design and delivery.</p>	<p>The Council's senior leadership cohort needs to agree on a clear direction for change and unite behind this direction to ensure the organisation works effectively and collaboratively towards shared goals.</p> <p>This will require an approach that balances conflicting needs, for example delivering savings in line with required timescales, balancing delivery of both financial and non-financial benefits and ensuring an appropriate approach to engagement is taken in relation to issues being addressed.</p> <p>It is possible that, with budget pressures and constrained timescales to deliver change, the Council will not balance all elements of change equally. Therefore a solution that best fits the Council's environment should be determined and supported once agreed.</p> <p>At the same time, opportunities to enhance parity of direction, planning and decision making between the Leader's Advisory Group, Cabinet and Council senior management teams should also be explored.</p> <p>Priority: High</p>	<p>Chief Executive in conjunction with Corporate Management Team</p> <p>December 2016</p>	<p>Agreed. This report will be tabled at CMT for discussion and agreement will be reached on the Council's future approach to transformation.</p> <p>Work will also be carried out to produce the organisational blueprint, and roadmap to 2020 which will be required to inform key decisions that will need to be made and any review of what is currently in programmes. The new Head of Transformation is due to start in October 2016 and this will be one of his key tasks.</p> <p>We will work with members to firm up member governance, including lead member arrangements and championing of change.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
1	<i>Risk: Change Leadership</i>			
1.2	<p>Ensuring effective change leadership capability and capacity is in place will be critical to the successful delivery of the Council's vision, priorities and pledges.</p> <p>The need for leadership development to support delivery of change was recognised as part of the Council's definition of the 2015/16 change programmes, to form part of a People Strategy for the organisation. This strategy has not yet been produced.</p> <p>However, basic guidance on managing through change at a tactical/operational level has been published, as part of the ongoing Swindon Manager work. It is intended this will become part of a full leadership and management development programme.</p> <p>Taking direction from the new Council plan, the Council is looking to fundamentally change the services it provides and the way in which it works. This is likely to require an environment where spontaneity, creativity and initiative are fostered and encouraged in staff, along with greater collaboration between departments and individuals.</p> <p>Distributed leadership is one particular model that aligns well to principles of collaboration, including fostering innovation and increasing organisational capability and capacity. All these areas are relevant to effective delivery of change in the Council's current environment, i.e. an environment where complex change is imperative, but resources are constrained.</p> <p>By moving outside hierarchies and traditional structures, it also aligns well to the more "agile" way of working the Council is currently piloting.</p>	<p>The Council should design and deliver a leadership development programme to help support achievement of wider organisational change.</p> <p>As part of this programme, it should define the leadership behaviours, qualities and capabilities that are required to deliver the various elements of the Council Plan and carry out analysis to determine where further recruitment or staff development is necessary.</p> <p>The Council should ensure that collaborative, distributed leadership principles are included in the design of the leadership programme, to help promote innovation, collaboration/systems-thinking and to increase organisational capability and capacity.</p> <p>This should extend to collaboration with external organisations, to ensure that relevant learning from peers and other relevant organisations can be brought into the Council and benefit planning and delivery.</p> <p>Priority: High</p>	<p>Chief Executive in conjunction with Corporate Management Team</p> <p>December 2016</p>	<p>Interim Resources Manager: Agreed. The need for a Cultural and Leadership work stream has been established and is currently being developed.</p> <p>Change must be owned and driven internally and the Council's extended leadership team will be engaged to deliver this.</p> <p>Head of Performance, People and Engagement: Agreed. This is planned for the new year and there is a particular strand of the new Transformation programme devoted to it. We are well advanced with the research and planning of the programme and do intend to work with external partners including an education provider.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>Risk: Vision and Organisational Blueprint</i>			
2.1	<p>The organisation has not yet produced an organisational blueprint. The organisational blueprint gives a detailed description of the required future state of the organisation and a detailed description of the organisation's current state, analysing the gap between future and current states and actions required to move between these.</p> <p>This will help with both planning for change and being able to communicate a tangible vision of change to the organisation's stakeholders.</p>	<p>Work to produce the organisational blueprint should be prioritised to ensure the foundations to inform the new phase of change programme definition and design are in place.</p> <p>Priority: High</p>	<p>Chief Executive in conjunction with Corporate Management Team</p> <p>November 2016</p>	<p>Agreed. A tender process is underway to appoint an appropriate partner to produce the organisational blueprint at pace.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
3	<i>Risk: Governance of Change</i>			
3.1	<p>There are a number of areas of programme governance that need to be revisited and refreshed to ensure there are effective mechanisms to support delivery of change.</p> <p>Some senior managers have stated that they do not feel there is sufficient corporate co-ordination and governance of change and that there is not sufficient information and reporting to not only direct and control but also work collaboratively across change programmes.</p> <p>The-introduction of a sponsoring body such as the Stronger Together Executive, with refreshed clear and appropriate terms of reference and membership, would help achieve this.</p> <p>This would also provide an opportunity to review the Council's approach to benefits realisation management, as there are concerns that focus on the delivery of wider, non-financial benefits and outcomes for service users through change activities has reduced</p> <p>By revisiting and finalising the Council's change methodology, the Council also has an opportunity to set consistent minimum standards and principles for defining, designing, delivering and sustaining change, to help secure outcomes with consistent, but proportionate direction and control.</p>	<p>As part of re-invigorating and rebuilding momentum behind change, the Council should revisit governance arrangements for programmes to ensure that they are fit for purpose.</p> <p>As a continuation of the work on Place carried out earlier this year, the Council will need to review progress against existing change programmes and determine next steps to define, design and deliver the next phase of change programme delivery.</p> <p>To support this, the Council should seek to re-establish agile, proportionate governance arrangements for programmes based on the level of risk, including:</p> <ul style="list-style-type: none"> • Re-introduction of an effective sponsoring body to direct, monitor and control change programmes, throughout programme lifecycles. • An effective process of benefits realisation management that ensures both financial and non-financial benefits are reported and reviewed. • Finalising, publishing and cascading a change methodology, to ensure a consistent, minimum standard of governance and process across programmes. <p>Priority: High</p>	<p>Chief Executive in conjunction with Corporate Management Team</p> <p>December 2016</p>	<p>Agreed – a new sponsoring board will be established that will have appropriate membership, sitting between individual programmes and Corporate Management Team.</p> <p>Other governance arrangements will be refreshed, including ensuring there is an effective PMO to manage interdependences between programmes, appropriate risk and reporting arrangements, a defined change model and appropriate communications to stakeholders. T</p> <p>The need for appropriate benefits management processes is recognised and this will be a task for the new Head of Transformation, along with development and implementation of an appropriate change methodology.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
3	<i>Risk: Culture, Behaviours and Values</i>			
3.2	<p>The Council is unlikely to make sustainable change, unless the organisation's culture, values and behaviours are aligned to and support the Council's Vision.</p> <p>Senior managers have given a number of examples where current culture in the Council may conflict with delivering the new Vision for Authority. These include:</p> <ul style="list-style-type: none"> • A "Heroic", sometimes reactive, management culture • Silo-based service planning, management, problem solving and delivery. • Lack of staff compliance with policies, procedures and mandatory instructions. • Perceived imposition of solutions on stakeholders, managers and staff. • Decision making that does not always use evidence and data to support the process. <p>Several senior managers have stated that changing values, behaviours and culture will be fundamental to implementing sustainable change in a rapidly changing, complex environment.</p> <p>The values and behaviours have been launched alongside the new appraisal process. Unless meaningful appraisals take place with staff, it is unlikely that required cultural change will be achieved. The most recent staff survey identifies (of those surveyed) only 66% had a meaningful appraisal in the last twelve months.</p>	<p>Alongside the leadership development programme in the Council, a cultural development programme should be introduced, to ensure the Council's culture is aligned to and supports delivery of the Vision and Plan.</p> <p>The programme would need to be wide ranging, but areas of initial significant focus would include:</p> <ul style="list-style-type: none"> • Moving from silo based planning and delivery and introducing a more "system-thinking" based approaches • Addressing issues with staff compliance with organisational requirements • Developing leadership and management cultures that work in a proactive and collaborative way. <p>To support cultural change, appraisals must be regularly carried out for all staff, in a meaningful way and focus on values and behaviours as much as more tangible work-based goals.</p> <p>The Council should ensure there is sufficient follow-up on appraisals and objectives set as part of business as usual management activities, for example through regular discussions at staff 1:1s.</p> <p>Priority: High</p>	<p>Chief Executive in conjunction with Head of Performance, People and Engagement</p> <p>December 2016</p>	<p>Head of Performance, People and Engagement: Agreed. This is all in hand. There is a plan for leadership development and service champions will be appointed to support the delivery of it and culture change required.</p> <p>There is a roll out plan for mid -year performance appraisals and a further refresh is planned for 2017-2018.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
4	<i>Risk: Capacity and Resources</i>			
4.1	<p>Several senior managers, change managers and programme managers have stated that the organisation has been and continues to be under a considerable amount of strain. Examples have been given of lack of senior management capacity to lead change and middle managers who do not have sufficient time to deliver change as well as business as usual activities at the same time</p> <p>Departments have stated that other departments do not have the capacity to meet their requirements when needed, when joint working is required. There is a need to review current resources to ensure the Council has sufficient and appropriate infrastructure to deliver planned change going forward. The Council has heavily invested in change over the last 18 months, recruiting staff to key roles and creating a transformation fund of £2m. Staff have been recruited into the Change team and have worked in service areas to provide change support to senior management teams.</p> <p>Senior managers have spoken highly of this type of support being offered to their management team and have found that the resource has freed-up senior management capacity and created space for strategic thinking and leadership. Change managers themselves have spoken of the benefits of being immersed in a service area, but also having a link to the corporate centre, to allow for sharing of insight and experience.</p> <p>There is currently variable use of the transformation fund by service areas to invest in change resources.</p>	<p>The Council should produce a resourcing plan for the next 12 months for change, identifying internal and external resources required to deliver programmes and projects and securing resources accordingly. This should include enabling functions, for example ICT support.</p> <p>Different types of change are likely to require different types of support at different times (e.g. specialists vs. more generic change/programme/project support). Agile resource management principles will need to be used to allocate available resources over a number of programmes projects occurring at the same time.</p> <p>This will require central oversight, so that activities can be prioritised and resources allocated appropriately, especially if competing requests for resources are made. This should form part of the role of the sponsoring group recommended in AP2.1</p> <p>The current Head of Transformation and Corporate Transformation Manager vacancies should be recruited to as part of this activity.</p> <p>Due to the pace of delivery required, the Council may want to consider engaging external resources, such as a strategic transformation partner, to provide the necessary capacity to deliver change at speed.</p> <p>Priority: High</p>	<p>Chief Executive in conjunction with Corporate Management Team</p> <p>December 2016</p>	<p>Agreed. The new Head of Transformation is due to start in the first week of October.</p> <p>It is intended to create a pool of staff that can be accessed for secondment opportunities, to ensure existing skillsets can be deployed to programmes more skilfully.</p> <p>Change needs to be internally owned and driven, but due to the pace of delivery required using a strategic partner to provide capacity will be considered.</p>

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APPENDIX A

Standard Audit Opinions	Standard Audit Opinion System Control
<p>The audit opinion is based on two different criteria the first is materiality of the system and its impact on the Council if there was a system failure. This has been split into High, Medium or Low.</p> <p>The second criteria is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and fundamental weaknesses identified. Each of these categories has a standard opinion (see below).</p> <p>The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see Overall Opinion section in the main report).</p>	<p>Audit Opinion 1. <i>High standard</i></p> <p>The auditor completing the review concluded the significant controls are in place and operating effectively and only minor recommendations have been made</p>
	<p>Audit Opinion 2. <i>Satisfactory standard</i></p> <p>The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.</p>
	<p>Audit Opinion 3. <i>Significant improvements required</i></p> <p>The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.</p>
	<p>Audit Opinion 4. <i>Fundamental weaknesses identified</i></p> <p>The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.</p>

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APPENDIX B

Acknowledgements

Internal Audit would like to acknowledge and thank the following Officers who contributed to the review:

Name	Job Title
John Gilbert	Chief Executive
Stuart McKellar	Board Director: Resources
Bernie Brannan	Board Director: Service Delivery
Jan Willis	Interim Corporate Director Resources
Paul Kearsey	Former Head of Transformation and Corporate Programmes
Kirsty Cole	Head of Finance and Change
Sam Mowbray	Head of Performance, People and Engagement
Sue Wald	Head of Commissioning
Glyn Peach	Head of ICT and Chief Information Officer
Patrick Weir	Head of Localities, Community Involvement and Volunteering
Jackie Walker	Head of Finance and Change: Vulnerable People
Ingrid Summersgill	Service Improvement Manager
Adrian Trotter	OD Consultant
Kate Bishop	Programme Manager