Change Programme Quarterly Update November 2016

For Board approval	
For Board briefing	✔
For Board steer	
For Board information	

Prepared by:

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Executive summary

1. This paper provides the quarterly update to the Board on the progress on the Change Programme.

Embedding the change programme

2. The business case for the programme was agreed by the Board in May 2016. This set the budget, the governance framework, identified some initial benefits (non-quantifiable and quantifiable) and agreed a plan for Mazars to review the programme. The vision and outcomes for the Change programme were agreed in June in consultation with colleagues across the Commission. The vision is that:

   "We aim to be the most respected gambling regulator in the world. Our priority is to protect the interests of vulnerable consumers and of everyone who wants to enjoy gambling – keeping it safe, fair and crime free. To achieve these goals our people will work together to make the Commission fit for the future."

3. The graphic below summarises the Change programme. It highlights the eight 'satellite' workstreams, but also shows the 'core' of the programme - building leadership capability, learning and development and organisational culture, which will be key to delivering and embedding the changes envisaged in the satellite workstreams. Good progress has been made on a number of these activities since the last update.
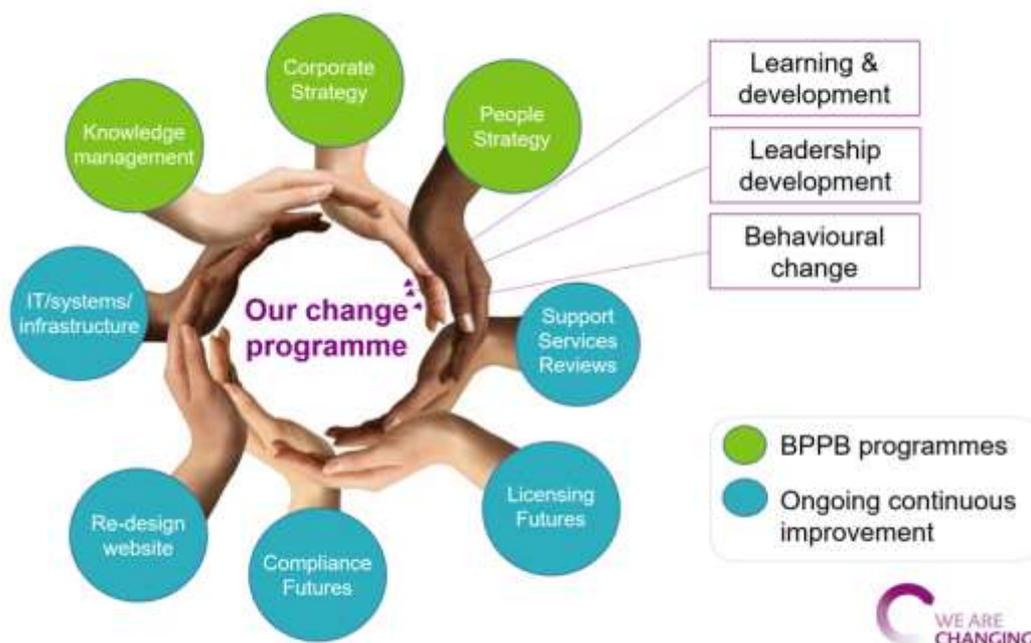
4. The full vision and outcomes together with the Change team structure are provided in **Annexes 1 & 3** respectively. This also includes the key programme success measures.

5. During October we made a change to the leadership of the Change Programme as it became clear that the incumbent in the role was struggling with the culture and pace of the organisation, and had not built effective relationships with key stakeholders. The

programme is now being led by Nick Moore, the Head of the PMO who will pick up this responsibility alongside his existing PMO role. Our longer term aim is to ensure that change and continuous improvement becomes the norm, and we believe the PMO will be the right vehicle for this.

6.   The Change team has been in place since July and this has enabled us to start to build the awareness and commitment to the change programme at all levels across the Commission. There has also been a real focus to communicate the vision and outcomes, validate delivery plans, assess the change impacts and revisit the benefit forecasts.

7.   The team continue to work closely with the Change agents to build effective two-way communications and to provide the Change agent network with the tools and skills to be able to engage with, and represent, their colleagues. As some of the key change initiatives that will be delivered in 2016 and 2017/18 have a significant people impact the engagement and feedback from this group is critical to the successful delivery of the programme.

8.   A number of communication and engagement initiatives have been launched over the last three months that have been well received and are also proving a valuable source of feedback to inform future plans and activities.

9.   Our 2016 employee survey took place during October and our response rates for this year have been record breaking – up from 92% to 95% so the results are truly representative of colleague views. The initial results were released on 16 November and overall are very encouraging. Our engagement scores have increased by 5% - up from 55% to 60%. One of our most impressive scores, a positive uplift of +42% from last year is on whether employees believed that the Leadership Team will take action as a result of the survey.

10.   Significant progress has also been made on the leadership development, management development and learning and development initiatives since the last update to the Board. Learning and development week took place w/c 28th November and is aimed to give access to more learning and development, and to bring colleagues together to collaborate and build a close, high performing team culture within the Commission.

11.   Benefit reviews on two of eight key change initiatives have now been completed and the forecast has been revised to reflect latest plans/information. Benefits identification is difficult and not an exact science, the process is ongoing and will be continually reviewed as new initiatives commence.

12.   The latest forecast for benefits in respect of two of the aspects of the change programme has been revised down from the previous update based on changing implementation plans and also as better quality information and data becomes available. We have asked Mazars to include benefits identification as part of their forthcoming review.

13.   It is expected that there will be significant benefits in 2018/19 from the three "Futures" initiatives (Licensing, Compliance and Corporate Services) that are likely to deliver late 2017/18, and these will be included as planning is completed and the benefits are identified and agreed.

14.   We can also see clear non quantifiable (soft) benefits around employee engagement, capability-building, organisational resilience and external engagement and perception. These will entirely support our strategic objectives and will strengthen our ability to

respond to the complex gambling industry and position ourselves as an effective regulator

15. It should also be noted that benefit identification/ tracking/realisation for internal initiatives has not been a key feature for the Commission in the past, therefore it is likely to take some time to embed this way of working in processes and also culturally.

16. Consistent with the business case presented in May, Mazars (our internal auditors) will be undertaking a thorough review (to be completed by mid-December) to confirm the following areas of the programme:

- Business case and plan

- Governance and operating model

- Identification and delivery of benefits approach

- Monitoring and reporting mechanisms

17. Board involvement will be particularly important for the development of the Corporate Strategy, which will be instrumental in shaping the framework for the next phases of the Change programme, including possible further organisational changes.

18. The Board is asked to note this progress update.

Employee survey

19. A key input to the change programme was the 2015 employee survey. This is a Whitehall-wide survey repeated each year and we have just received the results for 2016. The following paragraphs summarise some key outcomes:

20. Our response rates for this year have been record breaking – up from 92% to 95% so the results are truly representative of colleague views. The initial results for the 2016 employee survey were released on 16 November and overall are very encouraging. Our engagement scores have increased by 5% - up from 55% to 60%.

21. The highest positive was in our scores with regard to leadership and managing change, up by 12%. This includes a huge increase in leadership scores for actively role modelling behaviours up 24% and 'my manager' up by 30%, combined with an 11% improvement in scores relating to receiving regular feedback on my performance. The introduction of the behavioural ways of working, change from supply and development manager to resource manager to ensure a clear line of sight between managing performance delivery and development and our publicised focus on behaviours across the board have all contributed to this. One of our most impressive scores, a positive uplift of 42% from last year is on whether employees believed that the Leadership Team will take action as a result of the survey.

22. Bullying and harassment scores have reduced slightly overall, an area where we have focused on through our dignity at work programme. We had expected this to rise as colleagues became more aware of the issues and felt able to speak out but this did not materialise, those colleagues who felt able to challenge unacceptable behaviours and that it would be dealt with appropriately increased by 9 and 16% accordingly. A welcome improvement but clearly still some way to go in this important area which has such an impact on colleague health, wellbeing and engagement.

23. Of particular note were the 16% increases in colleagues feeling actively encouraged to improve the way we do things and people getting better at collaborating together, with 2/3 of our people now strongly agreeing or agreeing that they would be supported if

they tried a new idea. Opportunities to contribute my ideas has also increased by 17%. This provides a platform for continuous improvement and therefore more effective and efficient ways of working to ensure we are "fit for the future".

24. Learning and development remains low at 39%, although this has increased by 5%. We have recently signed up to Civil Service Learning and are running our first ever learning and development week where colleagues will be encouraged to think about development in its widest sense and encouraged to spend half their week on personal development activity.

25. Last year we were bottom quartile for all areas except for pay and benefits and understanding organisational purpose and objectives. This year against similar organisations of the same size in the majority of areas except for learning and development and pay and benefits we have moved much closer to the average. It is noteworthy that our position with regard to leadership and behaviours, has increased by 52 organisations.

26. There is further work to do and we know we were starting from a low base but this is really encouraging progress so early in our development journey. The need to maintain momentum and avoid complacency of early successes is vital.

Progress to date

27. *Leadership development* – We have partnered with Lane4 to guide, design and co-facilitate the leadership team through a structured development programme. So far there has been a noticeable improvement among the leadership team in exploring and progressing with organisation-wide issues, e.g. prioritisation, being more trusting in communication with each other and using newly acquired techniques, e.g. fishbowl feedback and action learning groups. These are small but important steps on the journey to shifting our culture sustainably for the longer term.

28. *Management development* – We have scoped the expectations of our senior managers and resource managers in order to define their development/support needs in 2017. The Leadership team, HR, Change agents and senior managers are now all engaged in developing a consistent view. A senior manager workshop was also held to identify key support needs for the programme – aligned to mirror the leadership team development journey.

29. *Learning and development (L&D)* – The plan to deliver coaching skills and provide 1:1 coaches for leadership team and other managers in role transition was approved and is progressing. Learning and development week is taking place w/c 28th November and is aimed to give access to more learning and development opportunities for colleagues, and to bring colleagues together to collaborate and build a close, high performing team culture within the Commission. We also joined Civil Service Learning (CSL) in October providing access to a wide range of on-line and off-line generic and specialist tools/courses, and access to pre-vetted delivery partners (note: Lane4 are on the CSL framework).

30. *Digital skills* - as part of L&D planning, we are continuing to explore how best to develop digital skills across the Commission, involving Anthony Lilley (ex-Commissioner) to support the development of the strategy.

31. *Behaviours and cultural change* - A plan and approach for our own competencies, integrating the core Civil Service framework, is currently being developed.

32. The key challenges that the programme and the leadership team will need to address going forwards are:

- Making concrete our commitments to action

- Responsibility for change – as time progresses, so the need to shift accountability for effecting change moves to all resource managers. This is the only way that change becomes the norm, not the "exceptional", which is its current position

- Permission to play – the senior managers (for example) perceive themselves to have little authority to step up, make decisions and take risks. To some extent, our programme directors/functional leads may be in the same place. We must constantly support and reinforce that teams are encouraged to step up

- Compliance vs change – we need to continue to challenge conventions and stop things that do not add value to our core purpose. Our strength as a compliant, willing population is also our weakness

- In 2017 we will step up our move to developing a true performance culture – one where performance management is a positive, ongoing way of working, which encourages innovation, change and initiative

- Time for people – we'll continue to help the organisation to see the value in making time for intentional conversations with people about their development, performance and career plans.

Implementation roadmap and impact on the organisation

33. We are reviewing the implementation roadmap on an on-going basis as more detail on the change impacts of each of the initiatives becomes known. The focus to date has been on the people and knowledge and information management initiatives which will impact the organisation the most in 2016 FY and early 2017/2018 FY.

34. The Change programme high level "sun ray" roadmap is appended in **Annex 2** for information.

35. The migration of the Contact Centre from Licensing to Corporate Affairs has been prioritised by Exec and the planning work has just started, this initiative will be included as part of the Change Programme once this has been completed.

36. The Change programme reports delivery alongside business plan to the Business Plan Programme Board (BPPB) on a monthly basis, and the Executive team has a standing weekly agenda item devoted to the programme of change. Every PD and Functional Lead has ownership or sponsorship accountability for a strand of work in the programme, and has objectives related to successful delivery of change across the board.

37. Whilst this governance is not yet fully embedded in the day to day working of the programme the governance is providing audit assurance and challenge on the programme.

38. The Change programme governance structure is set out in **Annex 3**.

Communications and engagement

39. The Town Hall Mini launched giving small groups of colleagues the opportunity to meet with Sarah Harrison and other members of the exec each month to talk about how progress and challenges.

40. A mini survey was issued to all colleagues via email to gauge progress since the employee survey and provided some useful insight to feed back into our communications/engagement and leadership development plans.

41. A dedicated area on the internal intranet Hive has been set up for the Change programme including a blog and updates on activity as it happens. We have been monitoring activity on the site since it went live to understand how it is being used and have also seen a considerable increase at times of specific activity when new material is launched. A new quarterly employee newsletter, called Buzz Talk was also launched in October and includes a focus on the Change programme. The newsletter which has been written by colleagues, for colleagues, is an opportunity to share good news and updates from across the Commission.

42. A change poster campaign in the office was launched on 12 August which saw more than 75 colleagues visit the change pages on the intranet for updates on change progress and proved thought provoking on the themes covered. A visual of the poster campaign is shown in **Annex 4.**

43. Also in October two large wall vinyl "C"s were put on the wall in each of the hub areas to share progress on what we have achieved through the Change programme to date and to build a picture of our successes.

44. The first long service event was held on 3 October to coincide with the launch of the employee survey. In total 44 colleagues were recognised for achieving 10 years or more service.

45. We also continue to keep colleagues updated on change news via the weekly Buzz (on Hive) and through Sarah's fortnightly update which has now been broadened to include updates from other members of the Executive team.

46. The Change team also continue to work closely with the Change agents to build effective two-way communications and to provide the Change agent network with the tools and skills to be able to engage with, and represent, their colleagues. As some of the key change initiatives that will be delivered in 2016 and 2017/18 have a significant people impact the engagement and feedback from this group is critical to the successful delivery of the programme.

Benefits

47. The Change programme benefits are additional to the commitment to meet the DCMS (Spending Review) target to reduce costs/achieve efficiency savings of 5% over 3 years.

48. The purpose of the Change Programme is to deliver the four themes as set out below, and in the vision. Done well, delivery of the initiatives under each theme will deliver efficiency and other cashable savings.

- Building internal capacity, capability & confidence
- Working smarter, both internally and externally
- Gaining strength from diversity
- Being pioneering and innovative

49. The approach we have taken to benefits management reflects the nature and the scope of the programme, with the aim for the Change Programme to pay for itself (over 3-5 years), we want to do "more for less" more efficiently and effectively, therefore the qualitative benefits are just as important as quantitative benefits.

50.   The non-quantifiable benefits also include the "soft skills" being delivered as part of the wider learning and development programme and that we expect to improve the overall performance of individuals and the Commission as a whole. Some of the areas being covered are; effective communications, collaboration, managing performance, and giving and receiving feedback.

51.   We are measuring benefits in the following categories:

Benefit type	Examples....
Quantified – cashable	•% or £ savings in internal and external expenditure •Reductions in headcount including natural wastage
Quantified – non-cashable	•Employee engagement scores •Stakeholder perception scores •Employee turnover •Error rates in data entry/data quality (internal and external) •Speed to deliver
Qualitative	•Effective leadership and management •Effective collaboration •Stakeholder engagement and feedback •Ability to resource workstreams •Better decision-making •Better visibility & management of knowledge

52.   A review of the benefits, for two of the programme workstreams, previously set out has been completed based on latest plans. The revised benefit figures are set out below, and have been validated and agreed by the respective Programme Directors as realistic and achievable.

53.   As work progresses on the initiatives that are currently in planning, e.g. Licensing and Compliance Futures further benefits will be identified and agreed. Benefit forecasting and realisation is tracked and reporting through the Change Programme Steering Group and owned by the Business Plan Programme Board.

54.   *Change to benefit forecasts* - The Year 3 figure reported previously included c. £1m of HR related benefits that were based on an improvement in employee engagement/ performance. This was based on information from "Engage for Success" that says top quartile organisations are 18% more production that lower quartile organisations, therefore if we were to improve our engagement scope and move to the top quartile we would be 18% more productive which should generate c. £1m of saving.

55.   On a deeper review it was felt that this was not a realistic target/proxy measure for the Commission and therefore a revised approach to the benefits from the People/HR initiatives was agreed and the benefit figures have been updated accordingly. This approach is based on how the People/HR initiatives collectively contribute to key benefit areas. It should be noted that the People/HR benefits impact mainly across the Commission rather than in the HR function itself.

56.   The benefits from the Knowledge and information management workstream benefits have also been updated to reflect the latest implementation timings (a delay of three months).

57.   The "declared" benefits in the table below still include only two out of eight key active initiatives, People/HR and Knowledge and information management. In addition there are a number of smaller initiatives that are currently in planning that are expected to

deliver benefits in 2017/2018 and once agreed these will be added to the benefit figures.

58. It is also expected that there will be significant benefits in 2018/19 from the three "Futures" initiatives (Licensing, Compliance and Corporate Services) that are likely to deliver late 2017/18, and these will be included as planning is completed and the benefits identified and agreed.

	Year1 2016/17	Year 2 2017/18	Year 3 2018/19	Cumulative over 3 years	Cumulative over 4 years	Cumulative over 5 years
Quantified cashable benefits November 2016	-	£ 7k	£ 506k	£ 510k	£1.5m	£2.5m
Quantified non-cashable benefit estimates November 2016	-	£ 70k	£ 144k	£ 214k	£ 314k	£ 502k

59. All benefits strands will continue to be refined and validated as work progresses.

60. It should also be noted that benefit identification/tracking/realisation for internal initiatives has not been a key feature for the Commission in the past; therefore it is likely to take some time to embed this way of working in processes and also culturally. We also expect the Mazars review to provide guidance and assurance that our approach is appropriate.

Key risks

61. The top 3 risks to the Change programme and key mitigations are set out below:

	Risk	*Key Mitigations*
1.	**The organisation (or parts of it) can't cope with the scale of change at any point in time.**	*This is being mitigated by the on-going review of the change impact, taking into account other priorities and activities across the Commission. We are also planning key initiatives – such as the People Strategy and Licensing Futures to implement across at least two years, so as not to overload the organisation. Our amended governance arrangements for the Change programme will enable us to keep resource constraints under focus and control.*
2.	**Risk of not delivering all the planned benefits**	*This is being mitigated by identifying benefits with initiative owners from the start, and setting up a benefits tracking process so that we can address any shortfall or risks as they appear. It should also be noted that benefit identification/tracking/realisation for internal initiatives has not been a key feature for the Commission in the past and therefore it may take some time to embed this way of working in processes and culturally.*

3.	(Corporate Risk) - The Change programme fails to deliver or negatively impacts the Commission such that motivation levels fall/people leave the organisation.	*This is being mitigated by engaging the full Leadership Team in the roadmap and its delivery. Also the network of change agents in in place so that we have early warning of falling motivation or disengagement. The Leadership development programme is underway and includes a focus on how to effectively lead and deliver change. There are also a number of regular leadership/governance meetings and tactical ways of working where the Change programme is a regular feature/discussion topic.*

Note: The full risk register is available on request.

Recommendations

62.   The Board is asked to note this progress update.