Committee(s):	Date:
Audit & Risk Management Committee	12 March 2019
Subject: Organisational Change Management Risk	**Public**
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Summary

This paper provides further information regarding the organisational change management risk that was approved for inclusion in the Corporate Risk Register by this Committee on 15 January 2019.

Recommendation

It is recommended that Members:

i.   Note the update provided.

Main Report

Background

1. 'Change' in the business context is the process an organisation goes through to move from one way of doing things to another way of doing things, including scaling its activities up or down.

2. Changes are planned to achieve one or a combination of the following purposes:

    -   to adapt to changing circumstances (e.g. funding, customer expectations, markets);
    -   to deliver improvements (financial or non-financial benefits); or
    -   to comply with the law (e.g. GDPR).

3. If an organisation is working strategically at an organisational level, the changes will be aimed at achieving as much as possible against corporate goals using resources available.

4. As an organisation with a history spanning over 800 years, the City Corporation has had to change and adapt to ensure that it remains relevant. In recent times, because of its federated and highly-devolved organisational structure, its institutions and departments have largely taken the lead in promoting and managing this change.

Current position

5. The structure, scope and ambition of the Corporate Plan and the limitation on our various funding sources mean that, now more than ever, departments and institutions will need to work together towards corporate aims and ensure that any changes identified are fully scoped and implemented.

6. This will require:

   – good co-ordination of plans, to avoid duplication and conflicts of efforts; and
   – and clarity of purpose and requirements for those involved so that corporate goals (benefits realisation) are kept in mind, especially when plans need to be flexed.

7. To mitigate the risks posed by poor organisational change management, the Chief Officer Risk Management Group (CORMG) tasked the Head of Corporate Strategy and Performance, working with HR, with drafting a risk relating to organisational change for including in the Corporate Risk Register.

8. The risk was approved for inclusion in the Corporate Risk Register by Audit & Risk Management Committee on 15 January 2019. The latest version, including updates on the mitigation actions, is shown at **Appendix 1**. More detail can be found in the section below.

Further details regarding how the risk is being managed

9. A number of steps have already been taken that to help with the co-ordination of plans, such as including the following information in departmental Business Plans now include the following information:

   • All activities, including departmental and corporate projects;
   • Risk registers that track mitigation status;
   • Outline plans for the next 2-3 years (subject to approvals); and
   • How the department is planning to develop its capability and capacity over the medium term, in the form of departmental workforce plans and Economy, Efficiency and Effectiveness Health Checks.

10. Together with the recently introduced informal Business Plan Scrutiny sessions, which probe how departmental resources are being used to address corporate priorities, and last year's refresh of the Project Gateway process, this helps provide an overview for Members and senior officers of work underway and support services with the advance notice they need to advise on and support delivery of plans.

11. As a result, departmental workforce plans are being used to inform Corporate HR's medium-term corporate workforce plan. This corporate overview also helped make the case for a dedicated Senior HR Change Business Partner who supports Chief Officers in planning cross-cutting or significantly impactful change to team structures.

12. The more challenging aspect of change management however is persuading those affected that there are good reasons why change is necessary and getting them to change their ways of working (including stopping doing things the old way). This requires the organisation to speak to its staff with one voice and to be consistent and persistent in its messaging and managers to have skills in landing changes locally with their staff.

13. To support managers, HR's enhanced Organisational and Development Team is working directly with departments and teams to help embed structural changes and will soon be offering training in change management. The new behavioural framework and performance development approach have also been designed to support good change management.

14. As for speaking with one voice as an organisation, the Internal Communications team acts as the adviser, editor and often the mouthpiece for messages, however, it is not its role to make sure that the messages make sense in the round. To work between Comms and those leading change programmes across the organisation a new post is being piloted in the Corporate Strategy & Performance Team for twelve months. Two months in, the Corporate Engagement Lead is proving invaluable in helping co-ordinate messaging, particularly in respect of the staff survey results and the actions being taken in response.

Conclusion

15. The actions already underway are putting the City Corporation on a strong footing to mitigate risks relating to organisational change management. Having this risk included in the Corporate Risk Register will help Members and officers ensure that the right actions are taken to support the successful delivery of the City Corporation's ambitions over the years ahead.

Appendices

1. Corporate Risk Register Entry for the Organisational Change Management Risk