Organisational Change

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Introduction

1. Change management is a broad discipline that involves ensuring organisational change is implemented smoothly and with lasting benefits, by considering its wider impact on the organisation and the people within it.

2. Organisational change can be driven by a number of factors, such as new legislative requirements, changing customer needs and organisational priorities, and how we manage the process of change is critical to its success. Well planned change needs to be communicated effectively, with careful consideration on the impact on the workforce, whilst at the same time maintaining organisational effectiveness.

3. Organisational change will have an impact on the workforce in some way or another, and how this is managed can have either a negative or a positive impact. Research has shown that employees can take their lead on how they respond to change from their line managers. Line managers can trigger positive behaviour by showing that they care about how change impacts on their teams, and how to manage and support them effectively.

4. Whilst governance around change differs according to the nature of the organisational change being proposed, each change initiative you manage or encounter will have its own unique set of objectives and activities, all of which needs to be properly and efficiently managed and coordinated.

5. This guidance provides support for managers to help identify, agree and implement organisational change, ranging from minor operational change to significant cross-cutting change and includes guidance on restructuring and service provision change.

6. Whatever organisational change managers are proposing to implement, the principles are the same, in that early engagement with staff and recognised unions will assist managers in capturing essential feedback and suggestions that might inform alternative options and solutions, and better inform the final decision and implementation process.

Key Stages of Organisational Change

7. Organisational change is essentially made up of four stages:

    - Developmental Stage
    - Proposals Stage
    - Consultation on Proposals Stage
    - Implementation Stage

Developmental Stage

8. The purpose of the developmental stage is to identify the driver/s for organisational change, what needs to change or be put in place to address this, and how it might be done. Early engagement with the workforce, recognised unions, employee representatives and other stakeholders is key to informing this decision-making process. Managers should follow the following steps at this particular stage.

9. Identify the drivers for change. For example, there may be a problem that needs solving or an opportunity that needs pursuing as a result of new legislation, changing customer needs or organisational priorities.

10. Ensure recognised unions are aware at this stage of the potential for any organisational change which affects employees (where there is the potential for employees graded H or above to be affected their employee representative should be made aware). This is not a formal notification but rather keeping them informed that you are considering change and why.

11. Seek input from your team, where appropriate, to help clarify the drivers for change and arrive at ideas and future options available.

12. Float your ideas with your department's senior management or leadership team to ensure they are supportive of them.

13. Discuss the drivers for change and potential options with other stakeholders to ensure these have been correctly identified and to ensure you will get support and buy-in from them (stakeholders may include those who have an interest including internal and external service users, those who may be impacted by any potential changes and/or those who are able to influence the success of any proposal). Discussions may need to be on a confidential basis, especially where proposed change may be commercially sensitive. Your stakeholders may also include corporate departments such as Corporate HR, Chamberlains and Comptroller & City Solicitors. Where current employees may be affected by any potential proposals departmental HR Business Partners should be consulted at this stage.

14. Understand where your proposal for organisational change aligns with the department's business plan and Corporate plan and identify if it might impact on other departments.

15. Identify how you will measure the success of your proposal for organisational change.

16. Where you consider that a restructure is a potential way forward, you should start to outline and develop new roles which will inform the basis of any proposed new structure. Indicative grades can be provided by Corporate HR to allow you to scope the cost of your proposals and assess the impact on current employees prior to the proposal stage. Requests should be sent via email to TC-HR.OrganisationalDevelopment@cityoflondon.gov.uk (TC – Organisational Development). When requesting an indicative grade, it is important that you advise you are in the developmental stage and that you are seeking indicative grades only (providing outline information as contained at Appendix A of to this guidance). Whilst it is not necessary to submit full job descriptions and person specifications for indicative grades, these will still need to be provided for final job evaluation once the Consultation on Proposals Stage has completed and prior to the Implementation Stage.

17. Where you consider that a service provision change is a potential way forward, you should follow the additional guidance outlined at Appendix C to this guidance.

18. A Public Sector Equality Duty (PSED) test of relevance and any subsequent equality analysis should be undertaken to assess whether different groups of people are, or could be, disadvantaged by the proposals. It is also an opportunity to identify any positive impacts for a protected equality group in line with the three equality aims (eliminate unlawful discrimination; advance equality of opportunity; foster good relations). The process should assess the impact on service users as well as the workforce affected by the proposals. A PSED test of relevance and any subsequent equality analysis should be undertaken at all stages where proposals change.

19. Once the above steps have been taken, you should have a good understanding of the organisational change options and recommendations you wish to propose and who will be affected by them, and you will move to the Proposals Stage.

Proposals Stage

20. The purpose of the proposal stage is to gain approval for your proposals for organisational change at the appropriate Officer or Member level depending upon the nature of your proposals. This will involve you articulating your proposals in writing, either in a Committee Report where Member approval is necessary or in a similar format to a Committee Report where only Officer approval is required, including explaining the drivers for change, sharing your vision and outlining options and recommendations.

21. Where your proposals involve a service provision change, you should follow the additional guidance outlined at Appendix C of this guidance.

22. Once proposed options and recommendations have been identified by you, these should be articulated in writing for onward approval by your Chief Officer (or delegated senior manager in their absence). Generally speaking, you should be seeking approval to commence consultation with employees, recognised unions and employee representatives (the latter where employees at grade H and above are affected) and to implement your recommendations provided consultation does not significantly change your proposals. Organisational change proposals would usually require at least the approval of your Chief Officer and may need further Officer Group and/or Member approval.

23. Where there are various options for organisational change these should all be put forward as part of any proposal along with your recommended option.

24. Your written proposal should include the outcome of your PSED test of relevance and any equality analysis arising from it including any mitigating actions that you propose to take.

25. Proposals should be clear, include all relevant information and any feedback received at the developmental stage and explain what the drivers for organisational change are and how you propose to achieve the desired outcomes. Proposals should also identify any potential impact on resources, including the current workforce, budgets and any equality impact. Where restructuring is proposed, you should refer to the Implementation Stage of this guidance to assess the potential impact upon the current workforce. A proposed start date for the change should also be included in your written proposal and this should take account of the need to consult with appropriate stakeholders, including employees and recognised unions.

26. You should consult with stakeholders in relation to your written proposals, including Corporate HR, Chamberlains and Comptroller's & City Solicitor's departments (where

appropriate). Any proposals that impact upon current employees' terms and conditions of employment, however small, must be forwarded to HR for comment prior to submission of your proposal and before commencing the consultation stage.

27. Depending upon the nature of your organisational change proposals, Officer Group and/or Member approval may be necessary. Member approval will usually include your Service Committee but may also include other Committees such as Establishment Committee, Finance Committee or Policy & Resources Committee. Accordingly, the Committee timetable should be taken into consideration when proposing any implementation dates for proposals to take effect. The Committee & Member Services team can provide guidance on Member approvals necessary depending upon your specific proposal if it is not contained in this guidance.

28. Where your proposals impact upon more than one department, it may be necessary for you to take your proposal to an Officer Group such as Summit Group or a sub-group thereof prior to any Member approval being sought. Further advice can be provided by the Corporate Strategy & Performance Team in the Town Clerk's Department.

29. Where your proposal is a restructure, you will usually need the approval of your department's Service Committee and Establishment Committee before embarking upon the next stage when the following applies:

    a. any redundancies are anticipated for permanent employees;
    b. your new structure will incur increased establishment costs;
    c. your new structure will affect 6 or more employees at grade H or below;
    d. there are anticipated consequences for other parts of the department or the wider City Corporation;
    e. your restructure proposes to delete current posts of grade I and above; and/or
    f. your restructure proposes to create any new posts at grade I and above (or any posts where the total salary would exceed £100,000 per annum).

30. In the case of 8(f) above, an additional level of approval by the Court of Common Council is required to create any such posts once your proposal to create them has been endorsed by Establishment Committee. Your report will therefore need to go to both Establishment Committee for endorsement and then the Court of Common Council for final approval.

31. Establishment Committee requires specific information in relation to restructures in addition to that which is contained in the City Corporation's Committee Template's general guidance. This can be found at Appendix B attached to this guidance. It is important to head up any report that potentially impacts upon current employees' terms and conditions as 'Confidential' rather than 'Not for Publication'. You should consult with your HR Business Partner on all Establishment Committee reports that you are planning to submit in good time prior to the Committee deadline to allow time for them to comment on your proposals.

32. If your proposal involves the transfer of the provision of a service to an external provider, both Service Committee and Establishment Committee approval is required. More detailed guidance on organisational change where there is a proposed change in service provision can be found at Appendix C of this guidance.

33. It is important that you are provided with the minute of any Committee decision in relation to your proposals, so you fully understand what has been agreed.

34. Once your proposals have been approved at the appropriate level as outlined above, you can move to the Consultation on Proposals Stage.

Consultation on Proposals Stage

35. The purpose of the Consultation on Proposals Stage is to share your proposals with and seek feedback from affected employees, recognised unions, employee representatives (the latter where employees graded H and above are affected) and any other identified stakeholders. An outcome of the Consultation on Proposals stage may be that your original proposals change.

36. There is a statutory requirement to undertake consultation with appropriate employee representatives, which includes the recognised unions, (referred to as 'collective consultation') in situations where 20 or more redundancies are foreseen within a 90-day period at any one City of London Corporation establishment and/or site. In this instance, 'redundancy' may also include significant changes to terms and conditions such as shift pattern changes. In addition, the City Corporation must notify the Department for Business, Enterprise, Innovation & Skills ('BEIS') of the potential redundancies. Collective consultation, where required, must be entered into with the recognised trade unions and/or employee representatives in accordance with the consultation timescales set out in the City Corporation's Redundancy Policy. Further guidance, including the information you are required to provide to recognised unions and/or employee representatives, is outlined in the Redundancy Policy and accompanying manager's guidance. It is extremely important that you ascertain whether collective consultation applies to your proposals with your HR Business Partner prior to undertaking any consultation on your proposals even if you do not foresee 20 redundancies as there may be other anticipated redundancies across the establishment and/or site within which your service is based that would trigger the statutory requirement. If collective consultation applies, your HR Business Partner will provide support and guidance to you to ensure the City Corporation's legal obligations are complied with at this stage.

37. Where proposals involve a service provision change, i.e. it is proposed to outsource the delivery of a current service to an external provider, there is a legal obligation to consult with Recognised Unions and Employee Representatives (the latter where employees of grade H and above are affected). You should refer to Appendix C of this guidance which outlines the consultation stage the organisation is obliged to

follow where a service provision change is being proposed rather than the Consultation Stage set out here.

38. If there is no statutory requirement to undertake collective consultation, in the interests of good employee relations, the City Corporation undertakes to informally consult with staff, recognised unions and employee representatives on the proposals in accordance with its Redundancy Policy. A typical consultation process (where collective consultation is not required) is outlined as follows:

    a. Share the proposals with affected employees, recognised unions, employee representatives (the latter where your proposals affect employees of grade H or above), and any other stakeholders affected by the proposed organisational change and ask for their comments on your proposals. Ideally a briefing meeting with all employees affected by the proposals should take place to communicate and explain the proposals and there should be sufficient time at the meeting for employees to ask questions on the proposals if they wish. Any affected employees who are on extended leave or seconded to another department or an external organisation should be invited to attend the meeting. They do not need to attend the meeting if they do not wish to, but a note of the meeting should be provided to them after it has taken place. Where your proposal may result in potential redundancies, any employees identified as being at risk of redundancy should have a separate 'heads-up' meeting prior to any briefing meeting with other employees who it is not expected would be at risk of redundancy.

    b. It is important that the proposals themselves, the reason for them and any potential impact is clear in verbal communications with employees, recognised unions, employee representatives and stakeholders. Always ensure you share the information with all affected employees, including those who may be on extended leave or on a secondment.

39. The information you provide at the briefing meeting should include the following:

    a. the business reason for the proposal;
    b. the current position and the future proposed position including, where you are proposing to restructure, current and proposed structures and indicative grades for new posts;
    c. the potential impact of your proposals on employees;
    d. the steps that you will follow including, where you are proposing to restructure, the process of selection for employees affected;
    e. the proposed implementation date of proposals.

40. Briefing meetings should be followed up with a consultation paper to all affected employees, recognised unions and employee representatives (the latter where employees at grade H or above are affected) outlining the proposals in writing as discussed at the briefing meeting and including the information at a-e above. Your HR

Business Partner should be consulted on your consultation paper prior to it being circulated. More detailed guidance on this information is below:

a. The business reason for the proposal

This should be consistent with the Committee Report which sought approval for the proposal (or Officer report if Member approval was not required). It should include the drivers for organisational change and how you believe your proposals will achieve the desired outcomes.

b. The current position and the proposed future position

Where your proposals involve a restructure, current and proposed structure charts should be accompanied with your consultation paper which allows employees, recognised Unions and Employee Representatives to clearly see which posts it is proposed will be deleted and those that will be created, including posts it proposed that employees will assimilate to or be ringfenced to. Indicative grading should also be attached to each post. It is best to avoid using colours to indicate this as not everyone is able to distinguish between colours and it is suggested that shapes are used instead to distinguish between proposed deleted posts and proposed new posts. You may not have full job description and person specifications at this stage but an outline of each new role, setting out the purpose of the post, outcomes expected and the knowledge, skills and experience that is required should be provided at this stage.

c. The potential impact of proposals on employees

The consultation paper, along with before and after structure charts if you are restructuring, should identify how many employees are affected by the proposal and what the impact on them would be, for example where you are proposing to restructure, are there are enough posts for employees to assimilate over to and/or whether assessments will need to be undertaken.

d. The process that you will follow

This should outline the steps in the process and explain what will happen once consultation has completed. Where you are proposing to restructure, the process of selection for employees affected should be included in the consultation paper. For example, where there are insufficient posts for employees, details of how the assessment process will work and what criteria will be taken into account in the decision-making process should be included.

e. Proposed Implementation Date

This should be consistent with the Committee Report or Officer report which approved the initial proposals but should always be subject to the consultation stage

and therefore may change as a result. A timetable should be included with the consultation paper which details what will happen and when leading up to the implementation date. This may include, where necessary, any training that may need to take place to support employees in the process and in new posts in the proposed new structure.

41. It is helpful to accompany the consultation paper with a covering letter explaining the consultation process and advising employees of support available to them. A suggested template letter for this purpose is provided at Appendix D to this guidance.

42. You should provide a reasonable opportunity for all affected employees, recognised unions, employee representatives and other stakeholders to ask questions in relation to the change and to provide their feedback including providing alternative options. Typically, two weeks is suggested as a reasonable period, but this may need to be longer during public holiday or summer holiday periods. The way in which feedback should be provided and the deadline by which to provide it should be clear to all you are seeking feedback from. You should ensure that the mechanisms for feedback takes into account those who are on extended leave or seconded to another department or external company.

43. Once all feedback has been received, consider whether the proposals should change. Sometimes feedback received provides helpful information, including alternative solutions that have not yet been considered, and as a result you may feel your proposal needs to be revised. Other times a manager might consider the feedback but not feel that it is possible or appropriate for the proposals to be revised as a result. In such circumstances, it is always helpful to advise the affected workforce, recognised unions, employee representatives and other stakeholders why their feedback did not change the proposals.

44. If your final proposal is revised it may be necessary to seek further approvals from your Chief Officer plus any Member approvals depending upon the extent of the revision to the original proposals approved. For example, if you are proposing to restructure and the revised proposals increase the number of employees potentially redundant. You should revisit the minute from any Member approval and/or seek guidance from your HR Business Partner and/or Committee Clerk (where Member approval was provided) to ascertain whether further approvals are necessary. If they are you should not move to the implementation stage until these approvals have been provided.

45. If you have not already done so you should now finalise the job descriptions and person specifications of the new roles in your structure and seek formal job evaluation. Once the job evaluation team have confirmed grades based on the full job descriptions and person specifications provided, you can proceed to the Implementation Stage below.

Implementation Stage

46. The purpose of the implementation stage is to confirm the final agreed organisational change decision to affected employees, recognised unions, employee representatives and other stakeholders (for example service users) and to implement the change. This stage should not commence until the Consultation on Proposals Stage has completed and final proposals have been approved by your Chief Officer and/or by Members, as outlined at that stage. The steps you should follow are outlined below. Where your change involves a service-provision change you should follow the Implementation Stage outlined at Appendix C rather than the guidance below.

47. Produce an implementation plan which identifies the steps to be undertaken to implement the change and includes a communication plan outlining when, how, where, to whom and through what channel communications will be made. An implementation checklist is provided at Appendix E.

48. Advise Recognised Unions and Employee Representatives (where employees of grade H and above are affected) of the outcome of the consultation process and consequent change decision, including information on when employees will be communicated with.

49. Inform the affected workforce of the organisational change that will take place and when it will take place. Sometimes the confirmed change is the same or similar to that proposed and shared with them at the Consultation on Proposals Stage. Other times, where feedback has amended the original proposals, the organisational change may be different and, in such cases, it is helpful to explain why it has been revised.

50. Where the change does not affect current employees' terms and conditions, for example a change of role, hours or place of work, the change can be confirmed to employees in writing along with an implementation date. HR Business Partners should be consulted at this stage to agree whether this will be undertaken by HR or by the department and will depend upon the nature of the change.

51. Where the change does affect current employees' terms and conditions, and does not relate to a restructure or service provision change, for example a contractual change to shift patterns, your HR Business Partner will provide specific advice to you on how to implement the change based on the specific change you are implementing.

52. Where the change is a service provision change, i.e. the service is being outsourced for delivery by an external provider, you should follow the guidance set out at Appendix C to this guidance.

53. Where the change is a restructure the following stages should be followed to fill positions in your new structure in consultation with your departmental HR Business Partner:

a. Assimilation

Where your new structure includes roles that are similar to current roles held by employees and there are sufficient posts available in the new structure for all employees, there is no risk of redundancy and therefore employees can be informed in writing that they will transfer, or 'assimilate', to the new positions from the date the new structure commences without the need for an assessment; a similar post would usually be a post with similar duties, requiring a similar level and type of skill, knowledge and experience, at the same grade based at the same general location or a location within reasonable travelling distance of their current location;

b. Closed Ring-fencing

Where your new structure includes new roles which are similar to current roles but there are more current employees than new roles, all employees in the current roles should be informed in writing that they may be at risk of redundancy; in such situations the new similar roles in your structure are 'ringfenced' and employees should be notified that they will need to undertake a competitive assessment with similarly affected employees.

The criteria used to assess each employee should be informed by the person specification for the new role but may also include other objective criteria as outlined in the City Corporation's redundancy policy. Once all assessments have been undertaken those employees who were assessed as having met the criteria outlined in the person specification (and any other previously agreed objective criteria) better than other employees in similar roles can be appointed to the new roles without the need for a 'trial period'. The remaining employees will be considered displaced as a result and should be advised in writing that they remain at risk of redundancy.

c. Open Ring-fencing

Displaced employees should be considered for any other remaining roles in your structure of the same grade or one grade below, before attempts to recruit from outside the team. This is subject to them being able to demonstrate as part of an assessment process that they have the required skills, knowledge and experience as outlined in the person specification. Those who are successful can be appointed to new roles on a trial period of 4 weeks (or longer up to 12 weeks by mutual agreement if the role requires a longer period of training). Appropriate training and support should be provided to employees during the trial period. Those appointed to role one grade below as a result of the restructure should receive the same protection arrangements as outlined in the Redeployment Policy. At the end of the trial period, if both parties accept the position is suitable, the employee is confirmed in the new role.

However, if either party reasonably considers the position is not suitable, the employee will need to be advised that they remain at risk of redundancy.

d. Redundancy and Redeployment

Any employees who are not appointed to a role in the new structure after the process outlined at a-c above has been followed will be advised in writing that a role has not been identified for them in the new structure and they remain at risk of redundancy. Please refer to the Redeployment Policy and Redundancy Policy and associated guidance to manage employees in this category.

List of appendices

- Appendix A: Request for an indicative grade form
- Appendix B: Information required by Establishment Committee for restructures
- Appendix C: Guidance in relation to Service Provision change
- Appendix D: Template covering letter to accompany a consultation paper
- Appendix E: Checklist for Implementation Plan

Links / Other resources

- Redundancy Policy
- Redeployment Policy
- PSED Toolkit & Equality Analysis