

**Changing to Deliver: The Scottish
Executive**

Report of the Joint Review

January 2003

Sue Charteris for the Joint Review Team

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SUMMARY

The Scottish Executive (SE) offered to be a pilot for the Departmental Change Programme in the summer of 2002. The Joint Review provided an opportunity for the Executive to assess how well the SE was fulfilling its public purpose after three years of administering a devolved administration. Two departmental change reviews were operating simultaneously, one in DEFRA and the other in the Lord Chancellors Department.

The challenges of running a devolved administration might seem at first sight to be too different to benefit from a change approach designed largely with single departments of Whitehall in mind. With the elections to the Scottish Parliament just one year away it might have seemed better to 'wait and see' whether the successor administration had different expectations and plans for the Executive.

Instead the SE decided to grasp the opportunity to pilot and help shape the Departmental Change initiative, and above all to use the process to take stock, looking ahead to the new Parliament. The Departmental Change Programme is essentially a forward-looking change model that benchmarks departments against the 'ideal' of a high performing department, encouraging the organisation to look forwards, to anticipate challenges and continue to address change. As such the model was well suited to a new and growing organisation; it does not ask what could have been done better but what still remains to be done to fulfil the ideal?

The SE is a new organisation, formed from the former Scottish Office in 1999 with considerably extended responsibilities. The SE's Management Group recognised that the organisation had gone through a period of unprecedented change, had coped with a huge increase in the volume of business, managed a 25% increase in staffing, adjusted to considerable Ministerial changes (including two changes of First Minister in the first three years of the new Parliament) all supporting the ambitions of a joint administration, set in the context of extremely high public expectations.

A Joint Review Team was established in May 2002 and six months later a comprehensive change programme with a full implementation plan has been agreed.

The Review Team took evidence from staff, Ministers, senior figures from delivery agencies and other stakeholders. The Team's interim report showed that all stakeholders recognised that the SE had managed the transition to devolution extremely well. They recognised that the new environment was infinitely more complex than in the past, with much more intensive media scrutiny. However, aspirations were high and many stakeholders wanted the SE to develop a more outward looking and engaged administration.

Further analysis showed that the extent and impact of the change, (the volume of activities generated and the demands on Ministers and officials' time), had been underestimated. Far more business activity had been generated than had been envisaged and unsurprisingly not all aspects of the official machine had kept pace.

The unprecedented expansion of business and staffing had put pressure on 'routine' systems and support arrangements inside the organisation. The exponential increase in the volume of business meant that staff wanted more clarity about how their contribution fitted into a whole vision and were expressing the wish for more explicit direction from senior management about priorities. Delivery agents including agencies, local authorities and voluntary sector organisations were keen to develop a new and more equal 'partnership' with the civil service in Scotland. Ministers meanwhile were expecting a consistently responsive organisation with a shared sense of urgency for tackling the issues of the day.

The Review Team found a great deal of respect for the organisation amongst stakeholders, many of whom had positive experiences of engaging with SE staff but who still wanted more consistent engagement, and a partnership approach to building the new Scotland. This inherent goodwill gives the SE a unique opportunity to be the catalyst for action and the hub of public institutions in Scotland, with the potential to jointly shape the delivery of services to the people of Scotland as set out in the Programme for Government published in 1999.

The Review Team's analysis concluded that in essence the SE had achieved a great deal with many examples of good practice to build on and potential to do more. With concerted effort and commitment the SE is capable of fulfilling the 'ideal' of excellence envisaged in the notion of a high performing organisation. The SE, in aiming for excellence and as a pioneer of devolved government, could be the role model for devolved public service administrations, modelling a real connectedness to communities and ability to flexibly respond to changing needs that will be envied by other countries. This positive message should not be interpreted as meaning there is little to do. Change is required at all levels in the organisation, with no room for detached observers. The Team counselled against the organisation taking too gradual an approach to improvement, since most high performing organisations have found that a continuous improvement approach had insufficient impact; the aim was for step change whilst building on existing good areas of practice.

The expectations that citizens will place on the next administration will be even higher than they are already, and Ministers will need and expect maximum support from the organisation. The SE has agreed that it needs to deliver change in three key areas.

'Getting our culture and behaviour right'

'Designing policies and services around customer needs'

'Getting our internal processes and structures right'

The Team identified changes needed in the 'hard wiring' of the organisation as well as cultural shifts to what is often known as 'soft systems'. The change programme is quite unique in making as much emphasis on changes in behaviours, as 'structural' outcomes. Symbolic actions and early evidence of change that are noticeable to stakeholders will be important to set the tone. The programme envisages a two-year programme with a set of ambitious targets to reach within the next six months; the next phase to be developed with the incoming

administration and led by the successor to Sir Muir Russell, the outgoing Permanent Secretary.

There is scope for considerable transferable learning to take place from this process. The experience of the SE in undertaking Changing to Deliver may have pointers for Whitehall Departments undertaking reviews of their own performance, both the fellow pilots in the DCP and other departments now commencing the 'Partners in Performance' initiative being rolled out across Whitehall. Two particular aspects of the SE's approach are worthy of mention. Firstly, the SE recognised early on the primary importance of governance and leadership issues and, based on what is known about high performing organisations considerable investment has gone into building a true partnership between ministerial and managerial leadership. SE Ministers have given considerable time and commitment to Changing to Deliver. Secondly the SE has a lot of positive experience to offer Whitehall departments on inclusive approaches to policy making. Although the 'best practice' is not yet being consistently applied across the SE, stakeholders were able to point to many areas, where delivery partners felt they had been fully engaged in options appraisal and impact assessment.

This report seeks to briefly put the Changing Deliver Programme into context, outline the key aspects and findings of the review and identify the critical next steps.

1 INTRODUCTION

- 1.1 Devolution has created the opportunity for momentous change and development for Scotland and its institutions.
- 1.2 The Executive was established in 1999, following the first elections to the Scottish Parliament. It is a coalition Government between the Scottish Labour Party and the Scottish Liberal Democrat Party. The Scottish Executive has responsibility for health, education, justice, rural affairs and transport; reserved matters include constitutional issues, UK foreign policy, defence and national security. The Executive manages an annual budget of more than twenty billion pounds (in the financial year 2002-2003). This figure is due to rise to almost twenty-six billion in 2005-2006 and directly employs 4,272 staff (see below).
- 1.3 There are currently 22 Scottish Ministers (including the First, Deputy First and Deputy Ministers) who cover nine areas of policy responsibility. These areas include 'Education and Young People, Enterprise transport and Life Long Learning, Finance and Public Services, Health and Community Care, Justice, Parliamentary Business, Social Justice and Tourism Culture and Sport.'
- 1.4 The Scottish Parliament is made up of 129 MSP's, (Members of the Scottish Parliament) 73 of these are constituency members and a form of proportional representation (Additional Member System) elects the remaining 56. The Parliament exists to make laws in relation to devolved matters, and to scrutinise the policies of the Executive.
- 1.5 The Scottish Executive is also the name used for the civil service administration in Scotland. Executive civil servants are accountable to Scottish Ministers, who are in turn accountable to the Scottish Parliament. The Scottish Executive consists of six main departments, which are designed to serve the needs of the Scottish Ministers. These are;
- The Scottish Executive Justice Department (SEJD),
 - The Scottish Executive Health Department (SEHD),
 - The Scottish Executive Environment and Rural Affairs Department (SEERAD),
 - The Scottish Executive Development Department (SEDD),
 - The Scottish Executive Education Department (SEED),
 - The Scottish Executive Enterprise and Lifelong Learning Department (SEELLD)
 - The Crown Office and Procurator Fiscal Service (COPFS)
- together with;
- The Scottish Executive Corporate Services (SECS)
 - Finance and Central Services Department (FCSD)

- Legal and Parliamentary Services (LPS) also provide support to SECs and FCSD.

1.6 The aim of the civil service arm of the Scottish Executive is 'to work with Scottish Ministers to improve the well being of Scotland and its people'. The vision of the organisation is one which:

- Earns respect and trust;
- Promotes Scottish Interests;
- Is open and in touch;
- Works together;
- Works with and learns from others;
- Ensures high quality services;
- Makes the best use of resources;
- Values its people

1.7 The values of civil servants are integrity and honesty, objectivity, political impartiality and fairness.

1.8 Since 1999, the Scottish Executive has coped with a tremendous volume of change. To date the Scottish Parliament has passed 44 Acts, and expected to rise to almost 60 before the election in May 2003. The number of Scottish Statutory Instruments passed by the Parliament to the end of 2002 date is 1643 and rising. The fte staffing of the Executive core departments have also increased in size by about 720 from a figure of 3,407.9 in April 1999, prior to devolution to 4,128.6 in April 2002, an increase of 21%. There has been a further increase over the previous six months to 4,247.1 (October 2002).

1.9 Every aspect of the Executive has come under consistent and increased pressure to deliver more, and better. In order to manage and excel in the amount of change which has already occurred and the demands which the Executive will continue to face, it has been stated by the Permanent Secretary, Sir Muir Russell in May 2002 that what is needed is:

'Quality, professionalism, continuous improvement - to achieve this, we need a collective and individual mindset that wants to make things happen'

1.10 Post devolution, the Administration has witnessed a revolution in citizen and stakeholder expectations of what the Executive should be able to deliver. Delivery partners are also keen to play a valuable and vocal role in any change programme, one which will help to build a voice for citizens in the process. Ministers also want a more confident, delivery focused outward-facing Executive, which is able to both release and realise the potential within the organisation.

1.11 The challenge now faced is to work as effectively as possible within this new environment, in order to deliver real and lasting improvements for the people of Scotland.

2 CHANGING TO DELIVER

2.1 Changing to Deliver (CTD) is a programme designed to take forward continuous improvement within the SE. The Delivery Plan was agreed from the Project in January 2003, and is being directly managed and overseen by the Management Team as the Change Board. CTD is based on reaching the notion of a high performing organisation set out in the Departmental Change Programme initiated by the Office for Public Service Reform but customised for the SE. Its aims are to:

- Assess where further improvement is most needed in the SE. This is achieved by reviewing corporate processes which are important to the way the organisation does business;
- Deliver real change quickly in a number of priority areas, and;
- Create a culture of continuous improvement - where change activity is focused, relevant and of benefit to all.

2.2 Changing to Deliver was embraced by the Executive as it provided an opportunity for Management Group to give a stronger direction and purpose for the Scottish Executive. It also provides the opportunity to reinforce existing good work on policy making, achieve closer working with Ministers collectively on core priorities and to equip the Scottish Executive for working within a more politicised environment.

2.3 Changing to Deliver provided a focus for improvement activity in relation to core business and management processes - which are either run by the centre or need to be the same across all departments. Running in parallel with CTD, each department of the SE has prepared a Departmental Improvement Plan, based on the principles of Best Value. These plans focus on what needs to happen *locally* to improve performance. Together these initiatives offer a clear framework for the achievement of continuous improvement across the Scottish Executive. Looking to the future, CTD will be the vehicle by which the SE demonstrates that it is a Best Value organisation.

3 THE SCOTTISH EXECUTIVE REVIEW PROCESS

- 3.1 The SE/OPSR strategic review was testing a new model for examining how organisations and departments can work in close partnership with 'the centre' of Government on some of the most crucial issues it faces. The Departmental Change Programme's (DCPs) Analytical framework was applied by the Scottish Executive to five of its key processes and assessed its capacity against the recognised features of a high performing organisation. These characteristics of a high performing organisation included close co-operation between managerial and political leaders, corporate capacity to support change, the capacity to anticipate future trends and turn them into opportunities, demonstrable ways of progressing cross-cutting issues, effective operational systems for planning and review, and matching skills with delivery needs.
- 3.2 The DCP has seven main components but initial analysis showed that further work was needed in certain but not all areas. Whereas for example other departments need to enhance their approaches to electronic service delivery and IT, this was working well in the Executive and did not therefore form part of the Review.
- 3.3 The key principle throughout has been that the Review should be flexible and tailored to the Executive's needs and particular circumstances.
- 3.4 The Departmental Change Programme (DCP) itself was developed by the Office for Public Service Reform (OPSR) to assist government departments in becoming more flexible and fit for purpose by improving their capacity to deliver policy and services. The Civil Service Management Board endorsed it in December 2001. Since this time reviews have been carried out in DEFRA and the Lord Chancellors Department (LCD). These reviews ran in parallel to the CTD programme being developed within the Scottish Executive.
- 3.5 It is important to acknowledge that the Scottish Executive has carried out the Review across the whole organisation and not one department as was the case in DEFRA and the LCD; as such it was a relatively high level study that did not examine any one process in depth.
- 3.6 The DCP works jointly with an organisation and is a three stage process consisting of:
- Developing the benchmark of a high-performing organisation.
 - Reviewing the organisations capacity to deliver its objectives against this picture and identifying strengths, weaknesses and priorities for change.
 - Designing a programme of change to bridge the gaps.
- 3.7 The DCP establishes a benchmark against which it assesses the functions of the organisation in question. This benchmark incorporates a consideration of the organisation's own understanding of its issues and priorities, as well as a

comparison against attributes which have been identified as common to high-performing organisations in both the public and private sector. This organisational awareness is triangulated with the views of stakeholders including Ministers and staff and then distilled into a set of recommendations.

3.8 Common elements focused on are:

- Excellent leadership with a tangible commitment to change;
- Policy making and service delivery that is customer focused, evidenced based and deliverable;
- Well designed structures, systems and processes that are aligned with strategy and delivery;
- Human resource, finance and ICT systems which support delivery;
- Modern internal and external communications that have a good understanding of the organisations customers; and
- The delivery of results.

3.9 The Department (or in this case the Executive) is then reviewed in relation to the established criteria, by a team composed of staff with expertise in the different areas drawn from both the SE, and external experts or 'critical friends' where appropriate.

3.10 Advantages of the three-stage process include the fact that participants are able to map progress of the review as it advances and the initial sharp analysis encourages 'buy in' and recognition. The second stage serves to bottom key issues in greater depth.

3.11 Based on the findings of the review, a Change Programme is designed which aims to focus the Scottish Executive on key priorities, increase its capacity to deliver and become more fit for purpose over a two to three year time horizon.

3.12 There is widespread recognition that processes of change and improvement need to transcend the boundaries of the separate departments within the Executive. Both horizontal and vertical collaboration is necessary if governments are to tackle crosscutting issues which distress citizens and communities. SE Ministers have recognised this by identifying cross-cutting themes that they wish to underpin the work of the Executive; these include 'closing the gap' and 'sustainable development' although the organisation is at the very early stages of measuring policy impact in this way. Effective solutions require collaboration and partnership working, clarity about accountability and about how to best translate Ministerial policy into front line delivery. Change also requires a deep and focused understanding of the clusters of needs of different groups of customers and citizens and how potential policies impact on their lives.

4 KEY FEATURES OF THE JOINT REVIEW

4.1 The Review process in SE had the following key features:

- A joint, collaborative process - the aim was for the SE to be a partner in the process, rather than have a review done 'to it'.
- A multi-disciplinary joint team-made up of staff from the SE, external experts/critical friends, key partners and stakeholders, which was informed by OPSR.
- Involvement of Ministers: who have been engaged at each stage and have been supportive of the review.
- Management Group ownership throughout in owning the analysis and directing the outcomes with members of the Management Group as theme champions, acting as brokers where needed.
- A 'whole systems approach' to the issues facing the SE - the review looked in the round at the overall competence of the Executive to achieve its objectives, and its capacity for continuous change and improvement.
- Assessment of the SE against the model of a high performing organisation as translated into key hypotheses/outcomes and tested through explicit lines of inquiry.
- Taking account of the existing change momentum and initiatives - the review helped the SE's leaders determine what initiatives should be consolidated, combined or refocused.

4.2 Key activities used to inform the process included:

- A high-level examination of the key processes and structures of the SE.
- Interviews with every member of Management Group, other key staff within the SE, with Chief Executives/Senior people from other bodies, Agencies, LA's, Health Boards, the Parliament and the Trade Unions.
- A "process mapping" exercise with SE staff and delivery partners - which mapped the implementation of a complex policy area and identified the key lessons which could be learned from the experience.
- A review of strategic literature concerning the SE, its corporate processes and the change agenda.
- Focus groups held with groups of Ministers.
- Staff seminars, including presentations to distinct divisions/groups within the SE reaching some 300 senior staff.
- Running a number of small scale focus groups with Ministers to reflect on their relationships with the organisation.
- Regular briefings with the Trades Unions as the review progressed.
- Using external 'critical friends' to offer a constructive challenge role to the main workstreams and ensuring that the Review Team leader was from outside the organisation, but working with a tight core team of staff from inside the organisation.

- 4.3 Each workstream undertook extensive analysis with its own customers in formulating the recommendations for change, the core team ensured that there was sufficient synergy between the workstreams.

5 KEY MESSAGES

5.1 The review findings revealed a set of consistent messages coming from Ministers and stakeholders from within local authorities, trusts, and voluntary and community organisations.

5.2 Unsurprisingly devolution had created great pressure within the system, there was a 'backlog' of expectations for distinctly Scottish legislation as well as the need to respond to those aspects of the reform agenda being generated by the Westminster Parliament; in the words of one Minister:

"...there is no point in having a Scottish Parliament if we do not do things better".

5.3 Three years on into the Parliament some significant legislation was still passing through and still needing to be translated to delivery outcomes. There is a growing appreciation by both civil servants, Ministers and delivery partners that 'smarter' working is going to be imperative, with partners more closely tied into the loop at the outset and working on a shared delivery imperative.

5.4 Yet this requirement for pace and commitment from stakeholders also puts pressure on internal working processes. The organisation had invested successfully in IT but other processes particularly for finance and business monitoring information have struggled to keep pace and a need to reinvest in the 'hard-wiring' or organisational mechanics of routine processes and systems was identified as well as requiring Management Group attention as well as MG needing to spell out the tacit expectations of officials in the new devolved environment.

5.5 SE as an organisation has been at the forefront of flexible working in the civil service, encouraging a self-managed approach to careers, however the growth in posts opened up new opportunities and managers were constantly seeking teams to support them on new projects not built in to existing work programmes. This has put the scheme under considerable pressure. Personnel systems and HR effort had been distorted to cope with the pressure appointing new recruits, possibly at the expense of flexibly assembling teams with skills matched to purpose. The theme of 'too much churn' was a constant refrain throughout the review. The opening up of posts within the system meant that fewer than 30% of senior staff had been in their post for more than two years and it was hard to provide Ministers and delivery partners with the knowledge and continuity of expertise that was ideally needed.

5.6 The increased volume of new policy initiatives also had its impact on finance and business systems which were struggling to keep pace. New staff needed induction on the organisation's routine finance and administrative processes.

- 5.7 The SE has also been working under an unprecedented set of complexities. Two of these, which might not be apparent outside Scotland, being the need to develop new ways of working that meet the needs and pressures of working in a coalition administration where Ministers and their deputies are not necessarily from the same party. The impact on the political and managerial leadership challenges of the sudden death of Donald Dewar in the year 2000 should not be underestimated.
- 5.8 A quick perusal of the map of Scotland's public service reveals that newness of the SE as an institution was in many ways echoed by turnover in other institutions, new staffing structures and personnel in the Parliament itself, the creation of new Health Trusts, the reconfiguration of COSLA, to name but a few. It is highly surprising that a process of re-engagement and reconnection with stakeholders was needed.
- 5.9 The core change messages overlapped across these themes with changes needed in both formal systems and the softer behaviours encapsulated in leadership styles, which together would ensure a far more consistent and effective service to Ministers and Delivery Partners.
- 5.10 A key theme was the need for more active leadership and a visible engagement in the end product of the work. It is true in all large organisations that the process can sometimes become the task where 'getting the paper to the minister' becomes the product, and 'getting through the red box' becomes the outcome. Both Ministers and officials needed to find how to develop a more sustainable way of delivering policy outcomes.
- 5.11 Good examples existed in many departments but more consistent efforts needed to be made to undertake the shared mapping of priorities with delivery partners, regular meetings between Ministers and the Management Team to jointly prioritise. There was a general recognition of the need to spread best practice in working with Ministers across the SE for the benefit of both staff and the service recipients, and there was a strong desire from Ministers to capitalise on best practice.
- 5.12 The main themes of the review are discussed in turn.

6 LEADERSHIP AND GOVERNANCE

- 6.1 The SE'S Management Group, comprises the Permanent Secretary, heads of departments, the Principal Establishment Officer and the Chief Finance Officer. The group meets weekly. A recent innovation had been to appoint two non-executive directors from the private sector to the Management Group who attend meetings on a monthly basis. The Cabinet also meets weekly and a number of joint Cabinet/MG sessions had been held since devolution to discuss priorities. The Cabinet regularly debates cross-cutting issues with presentations from the relevant officials.
- 6.2 Management arrangements within the SE had been broadly federal with operational management being delivered by Departmental Management Boards and moving into more consistent and systematic ways of collecting comparable management information. CTD argued for a strengthened corporate focus to apply to the 'managerial' agenda. The Management Group has played an increasingly strategic role in supporting cabinet and in relation to the policy agenda and monitoring organisational performance against policy commitments. Notable examples of this are the development of portfolio plans, the prioritisation of objectives and the progress against delivery objectives published in 'Recording our Achievements'. This did not mean instituting a one size fits all culture, or a centralist approach, but there was demand for the Management Group to drive the overall vision and to clearly articulate a shared set of expectations to staff in the SE.
- 6.3 In taking this work forward the Management Group worked intensively in facilitated sessions with a leadership expert who was able to provide insights and expertise on change in other organisations in the public and private spheres, and insights into the way in which MG worked both together, apart and with Ministers.
- 6.4 Management Group held its own development sessions to develop the change model, and a series of focus groups were held with Ministers to gain an insight into their thoughts, expectations and experiences of working within the Scottish Executive. These sessions provided the opportunity for rare 'reflection time', issues that arose included the efficacy of induction procedures for new Ministers, who also felt that these needed a closer recognition within the organisation about the pressures on Ministers in serving both their departmental, parliamentary and constituency business.
- 6.5 This work paved the way for a joint Cabinet and Management Group Seminar held in January and a programme of actions to improve support to Ministers both in a practical and strategic sense that has been developed.
- 6.6 Staff also expressed the need to have a more visible and tangible sense of overall direction about the organisation as a whole and their roles within it. This has informed the development of a programme of work to reinforce MG's role as ambassadors for the Executive, giving a practical lead to staff in developing effective relationships with external stakeholders.

- 6.7 A closer understanding of the respective roles of Management Group and the Cabinet has been developed. This has paved the way for strengthening the organisation's capacity to address cross-cutting issues and improve its long-term strategic thinking.
- 6.8 A programme of leadership events is being held with MG in the driving seat to explain to all staff in the Senior Civil Service the core messages and expectations of the next stage of the CTD programme.

7 PLANNING AND PERFORMANCE SYSTEMS

- 7.1 A key finding from the first phase of the review was that that the SE's internal business and change management processes are not yet fully fit for purpose. There was a need to reinstitute shared systems that had been working well in the past but which had fallen into disuse or were not familiar to staff entering the organisation, and a need for centrally driven initiatives to recognise the potential impact on service departments before introducing new initiatives.
- 7.2 Given the size and complexity of the SE, the review identified the need for more streamlined and consistent business monitoring and planning arrangements to both ensure more robust financial and staffing information and that core management decisions were being effected.
- 7.3 There was a need to develop and systematise the core roles of Departmental Management Boards to strengthen the culture of managerial leadership. The organisation has made a start to generate more coherence across the system, starting with a set of measures to streamline business through the introduction of Portfolio Plannings which aligns the forward planning processes more closely with Ministerial priorities followed by a recent prioritisation exercise and stock taking of progress, published in 'Recording our Achievements', and the introduction of Best Value within the Executive itself.
- 7.4 It was agreed that Portfolio Planning would be the principal future planning vehicle. The Portfolio Plans will be used to improve links between all elements of the planning process in the short term. A team is evaluating the impact of business planning guidance for 2003-04, and developing an outcome-based system of performance management.
- 7.5 It was agreed that Management Group would also agree a set of key performance measures which support effective policy delivery, with progress monitored actively by Departmental Management Boards and the Management Group itself.
- 7.6 It was also decided that all DMB's should appoint an external non-executive director, to bring an external perspective to bear on the way work is carried out and assist the department in retaining an outward delivery focus.

- 7.7 Most importantly the centre of the organisation needed to develop a more intelligent approach to knowledge sharing and knowledge management. It would seek to reduce the number of initiatives and requests for information by acting more smartly. A team of business managers will be appointed within each department to support these processes.

8 CUSTOMER FOCUSED POLICY MAKING

- 8.1 The key aim of this work, already under way within the Scottish Executive was to achieve a step change in inclusive policymaking, which would bring the customer perspective in as early as possible, leading to more effective delivery and better policy outcomes.
- 8.2 As well as encouraging the much more active and robust understanding of 'customs' within the SE, this workstream actively mapped and modelled best practice drawing on experience in a "live" situation of policy making; one example chosen by the development of a strategy for the school's Estate. The aim was to mainstream the participative approach which has been adopted in many areas of the Executive and to capture knowledge of existing best practice and streamline initiatives. The aim was also to model a customer-focused approach and develop a closer shared understanding of the meaning of customers and stakeholders within the Executive that is sensitive to the specific policy contexts.
- 8.3 This work was taken forward with the assistance of a critical friend seconded from the Improvement and Development Agency. The work also drew on the work being undertaken by the Better Policy Making Group within the Executive, the Principles of Policy Making developed by CMPS and taken from the document 'Professional Policy Making for the 21st Century'. Work on customer engagement developed within the OPSR also informed this process.
- 8.4 Key points uncovered included that guidance was already in existence regarding better policy making and accompanying tools, but that these were under utilised, in part due to their inaccessibility. A more flexible framework containing practical advice was preferred. Closer partnership working between corporate and delivery arms was also needed to assist timely delivery of objectives. Discussions with Ministers revealed the need for more focused briefings that developed ideas and options in general terms before issuing them with comprehensive briefings. Shared reflection time or early briefings with Ministers and civil servants paid dividends, but work pressures often got in the way.
- 8.5 A programme of discussions and events to explore the concepts of customers and stakeholders, customer segmentation and expectations in the Scottish Executive is currently underway. Tools are being introduced which will help divisions map their customers and stakeholders. Staff training in the use of these tools is also being undertaken. A Policy Conference to showcase best practice, to be led by Ministers is also being arranged. This will be an opportunity for the Executive and stakeholders to share and learn from recent examples of best practice.

9 HUMAN RESOURCES: FIT FOR PURPOSE

- 9.1 This workstream concentrated on the need to identify at a corporate level what human resources the Executive should ideally be delivering. At the same time it was felt that achieving genuine 'buy in' within the organisation was crucial for any type of change to occur.
- 9.2 The initial stage analysis of Changing to Deliver showed that there was a disconnect in the personnel processes, and that HR initiatives were not insufficiently business driven and that there was a need to 'professionalise' the service.
- 9.3 The amount of staff churn caused both Ministers, managers, and delivery partners alike a high degree of concern. The extent of churn seemed to have arisen from the considerable increase in the volume of new initiatives encouraging both more mobility, and the overall increase in the establishment. This had led to the feeling amongst staff within the organisation that to move frequently from post to post was one of the ways in which to improve career prospects. On the other hand Ministers and stakeholders valued continuity and knowledge on specific projects.
- 9.4 Members of staff who had started their careers elsewhere wanted to be assured that they were encouraged to be innovative and that the extended skill base would be recognised in terms of career progression. The balance between specialist and generalist staff needed to be reviewed. Getting the staffing mix right was seen as vital for a high performing organisation.
- 9.5 Methods used within this workstream included discussions with a wide range of stakeholders and workshops held to inform of the human resources needs. The remaining workstreams were consulted to ensure that results would be cross-cutting.
- 9.6 Key findings included the need for a human resources strategy outlining the environment in which the Scottish Executive operated. A draft strategy was produced which presented the type of organisation the Scottish Executive aspires to be.
- 9.7 The Human Resource Strategy is intended to be a key driver of Changing to Deliver as a whole. It incorporates important elements of a high performing organisation. These elements include a "can do/on time" attitude, dedication to performance and delivery, customer focus, professionalism, team playing, innovation and creativity, agility, accountability, diversity and raising standards and best value through continuous improvement.
- 9.8 Other key outcomes include the development of a new internal vacancy scheme to achieve continuity in how business areas are resourced. The alignment of the current learning and training strategy with that of the change agenda and new corporate induction processes are also to be introduced across the organisation. Human Resource organisational structures

are to be reviewed so that HR embraces a customer-focused approach able to support managers and the wider business.

10 FINANCE AND BUSINESS PROCESSES

- 10.1 The key aim in this work stream was to ensure that the Scottish Executive's resource allocation process and measures for monitoring progress against priorities/spend were robust, efficient and well implemented.
- 10.2 Financial processes across the organisation were mapped, which helped illustrate both how they interlinked and supported the core work of the Executive. Techniques and services would be developed to improve the advice offered by finance, to strengthen their monitoring role and ensure better compliance with core processes.
- 10.3 This work was informed by the most recent Spending Review within the Executive. Actions also taken to inform the process included interviews (held with Ministers and key stakeholders), the use of external financial consultants, and the 'mapping of financial processes' both past and present. Practices across departments were also compared in order to test for consistency.
- 10.4 The Team's research showed that there were a number of processes which already operated very effectively. However the budgeting, monitoring, profiling and the spending review process needed to be strengthened and given greater status within the organisation.
- 10.5 The relationship between departments and finance teams was variable and accountabilities needed to be restated.
- 10.6 Measures taken to address the above issues have included the development and implementation of a package of options for improving the budget setting process and the implementation of a package of recommendations for improving the budget monitoring process. Proposals will also be developed which address skills gaps in relation to financial management within the Executive and the nature of current support to departments will be reviewed in order to develop options to ensure better support for departments.

11 THE CHALLENGES NOW: TAKING STOCK AND MOVING ON

- 11.1 The findings of the Joint Changing to Deliver Review were agreed in November 2002 and translated into an action plan agreed by the Management Group in February 2003. This brought the formal review phase to a close. The organisation has now embarked on the first 6 months of a programme designed to translate the analysis into action, ensuring that specific steps are taken to realise the potential of consistently high performance.
- 11.2 The SE faces the same policy making and delivery changes as those being addressed in the wider UK public service, in the context of an unprecedented set of public expectations and the pressure for devolution to make a real difference. The Change Agenda needs to keep pace with these expectations. Like other change programmes the approach to continuous improvement needs to be refreshed or the Changing to Deliver messages will be overtaken by the next new imperative. In common with the rest of the UK. Departmental Management Boards across Whitehall are experimenting with new models of delivery; there is an increased recognition that transformational change requires delivery and change management experience to be harnessed at the heart of the organisation.
- 11.3 It is essential that the SE continues to keep in touch with the way these management and reform changes are being addressed by other Departmental Management Boards in Whitehall; with a mutual exchange of lessons as the change programmes develop.
- 11.4 The Management Group in SE have owned the agenda for change and in particular recognise the pivotal importance of the organisation strengthening its relationship with the Ministerial team and having a more confident and respected relationship with delivery partners.
- 11.5 The Management Board are driving forward the CTD programme from the top and as the Change Board have agreed and resourced the first six months of the detailed Change Implementation Plan. A core team is supporting the work of programme delivery and staff have now been dedicated to all the areas of programme activity. All staff in the senior civil service are now being asked to contribute to the programme with active change champions as a key resource. Senior staff who are recent recruits to the organisation are playing a valuable role in this respect, helping MG to capture and spread good examples of innovation and improvements in delivery.
- 11.6 The Changing to Deliver agenda cannot be solely delivered by the senior Management Group, however committed. The organisation as a whole must own this agenda, in particular the senior civil service. The performance management arrangements for the SE's most senior managers can play an invaluable contribution.

- 11.7 The tenor and tone of the Review very consciously does not argue for drastic change but seeks to engender a sense of robust commitment to bring out the best.
- 11.8 MG has decided that the key focus is on culture and behaviours. This is of critical importance but behavioural change is challenging. Staff will be looking for signs that 'the way we do things around here' is living and recreating these new values, so far the signs are encouraging.
- 11.9 CTD will require the active and visible leadership of all members of the senior Management Team and a greater premium being placed on managerial leadership at all levels.
- 11.10 There is increasing recognition that the change agenda does not just rely on personal leadership however influential and the SE will want to exchange experience with Whitehall departments who are devolutionary new models of management and delivery in a variety of different contexts, for example:
- Strengthening a strategic focus;
 - Ensuring accountabilities for systems and process reform;
 - The relative merits of grouping delivery responsibilities around both client group responsibilities; and matching these more closely with Ministerial portfolios;
 - Reviewing and sometimes re-integrating relationships with delivery;
 - Agencies to facilitate two way flow between commissioning and delivery; and
 - Devolving accountabilities to high performing services on the ground.
- 11.11 The CTD analysis talked about 'living the existing values'. CTD sets an aspirational agenda for fully realising the SE's remit of 'working with ministers to improve the well being of Scotland and its people'.
- 11.12 On his appointment to the Head of the Civil Service Sir Andrew Turnbull speaks of the 'notion of public service for public purpose'. This is put by Scottish Ministers as 'engaged and committed'. If the organisation lives and breathes these values it will begin to fulfil the potential SE has to be the catalyst and champion for delivering public services in Scotland to the highest possible quality and Changing to Deliver will have been a success. The risks are that Ministers will not see encouraging visible commitment to 'making a difference' within the SCS. The culture of 'impartiality' is a strength that needs to be perceived by Ministers and stakeholders as demonstrating real commitment to practice (?) purpose not disinterest or detachment. The risk is that Ministers may well become impatient and look to new sources of policy advice and affective delivery mechanisms at the expense of building on the skills that exist within the organisation.
- 11.13 For more information about the joint review and how it is being taken forward in the Scottish Executive please contact Alastair Merrill on 0131 244 0766 or alastair.merrill@scotland.gsi.gov.uk.

11.14 The DCP toolkit draws on more of the experience of the SE and is available from David Harrington at OPSR - www.number-10.gov.uk

12 ACKNOWLEDEMENTS AND THANKS

12.1 This review could not have been undertaken without the initiative of the Permanent Secretary, Sir Muir Russell. The Terms of Reference for the Review were drawn up with Dr Wendy Thomson of OPSR. The review has been undertaken during a period of leadership transition as Sir Muir is retiring from his post in the summer of 2003. Instead of seeing this as the wrong time to embark on a far reaching review, the embracing of CTD has instead potentially provided a proactive legacy for change and a commitment to excellence which has been owned by the Management Group as a whole. Similarly the involvement of and ownership by Ministers has been a critical feature of the review.

12.2 The Review Team members from within SE could not have been more committed, special thanks go to Bridget Campbell who was the review champion from inception through to the production of a programme plan. The core team who managed the work day to day worked over and above what could have been expected, as did the workstream leaders, supported by the critical friends who provided challenge and external perspective. OPSR was actively represented by Dr Wendy Thompson at the MG meetings that considered the findings, on the Changing to Deliver Strategy Group and in presentations to SE Ministers, with delivery support provided by OPSR officials. The findings and lessons learned have been mapped in a toolkit produced by the DCP for OPSR. A full list of SE Review Team members and contributors is given in the Appendix.

12.3 Particular thanks must also go to the many external interviewees who gave their time to meet the Review Team.

Appendix 1'Changing to Deliver' Central Project Team

Name	Position in the Team	Period
Sue Charteris	CTD Team Leader	from July 2002 till Jan 2003
Vicky Carlin	Project Manager	
Dorothy Wusterrman	Joint SE Project Manager	Until December 2002
Noel Rehfisch	Project Support	
Craig Morris	Project Support	
Ian Walford	Director of Corporate Development	
Bridget Campbell	Head of Public Service Delivery Group	From inception to Dec 2002
Alastair Merrill	Head of Changing to Deliver Division	from January 2003
Richard Foggo	Project support	from January 2003
Workstream Leaders and Critical Friends		
	Governance and Leadership	
Liz Lewis	Head of Cabinet Secretariat	
Gillian Stamp	Critical Friend	
Muir Russell-Permanent Secretary	Management Group Sponsor	
	Customer Focused Policy Making	
Ian Walford	Director of Corporate Development	
Angela Davidson	Team Leader and Head of Better Policy Making Team	
Kirstie Campbell	Better Policy Making Team	
Jeane Freeman	Special Adviser	
Annette Stansfield	Critical friend (IdEA)	
Nicola Munro	Head of Development Department-Management Group Sponsor	

	Human Resources	
Agnes Robertson	Principal Establishment Officer	
Mary McAllan		
Hilary Morrison		
Stuart McLean		
Liz Davis	Critical Friend (Cabinet Office)	
Eddie Frizzell	Head of Enterprise and Life Long Learning Department-Management Group Sponsor	
	Financial Processes	
Peter Collings	Principal Finance Officer	
Brian Naylor	Team Leader	
Derek Grieve		
Robert Gordon	CE of Crown Office, Management Group Sponsor	
	Planning and Performance	
Ian Walford	Director of Corporate Development	
Colin Brown	Team Leader	

APPENDIX 2: CHANGING TO DELIVER ACTION PLAN

Strand 1: Getting our culture and behaviour right

What is it about?

Living the Aim, Vision and Values; defining what type of organisation we want to be post-devolution; communicating the vision; strengthening our strategic leadership capacity; helping staff to understand the change and behaviours we expect.

Action plan for phase 1 - January to May 2003

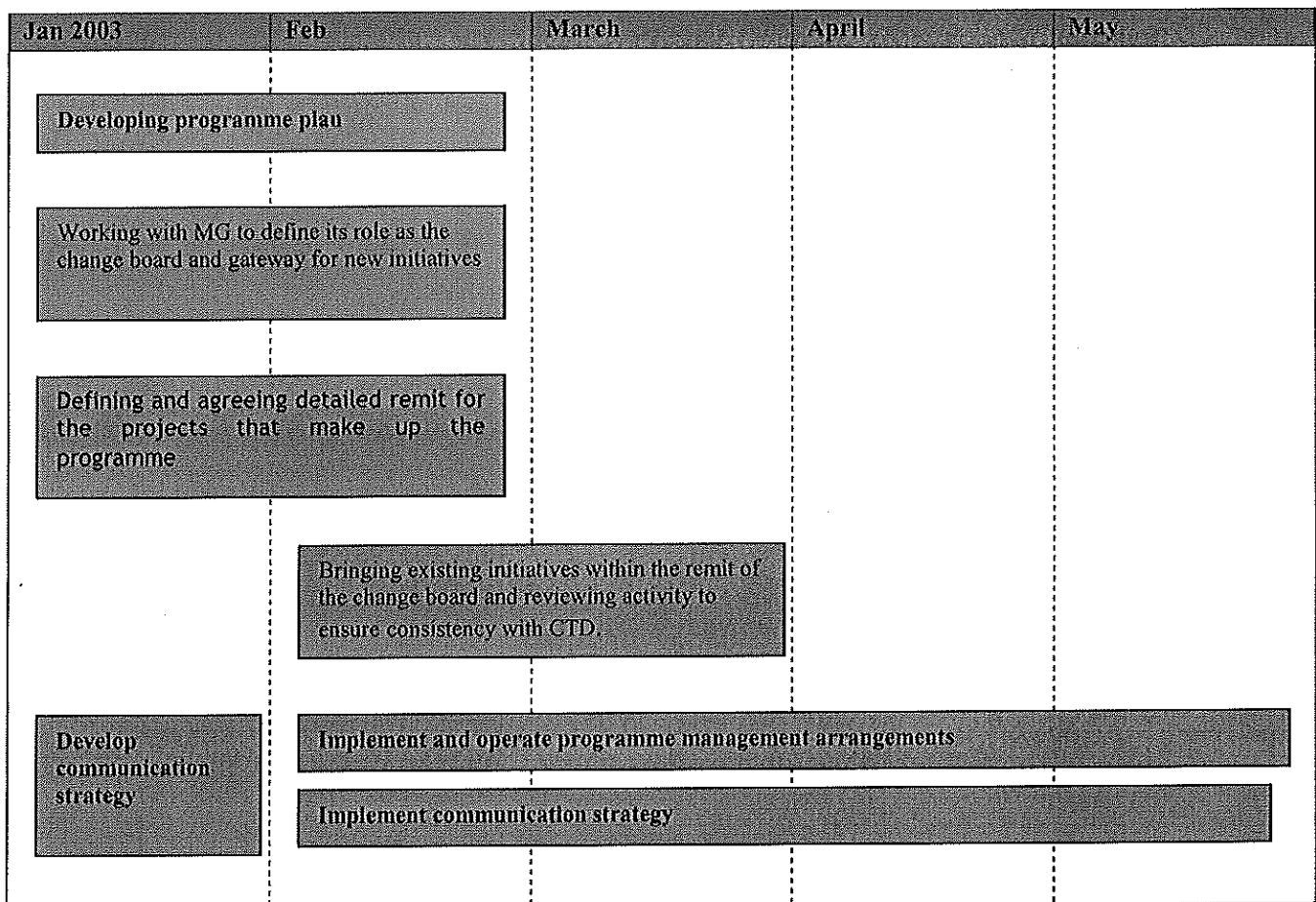
Jan 2003	Feb 2003	March 2003	April 2003	May 2003
<p>1. MG implements new more strategic way of working with Ministers, staff and stakeholders. Includes adoption of new set of behaviours, changes to working practices, increased focus on engaging with stakeholders, more effective working with Ministers.</p>				
<p>2. MG communicates new way of working. Includes initial communication from Perm Sec to staff, MG members modelling new behaviours, developing programme of actions for communicating and embedding more widely across the organisation</p>				
<p>3. Put in place welcome and information arrangements for Ministers. Includes developing better understanding of Ministers' needs, capturing best practice, developing welcome arrangements using workshop and event-based format, updating welcome and information pack.</p>				
<p>4. Developing support for private offices, including induction. Includes a review of level and nature of support, implementation of a programme of best practice sharing, putting in place new induction arrangements.</p>				
<p>5. MG-led seminars for SCS</p>		<p>6. Wider programme of MG seminars</p>		

Programme management arrangements

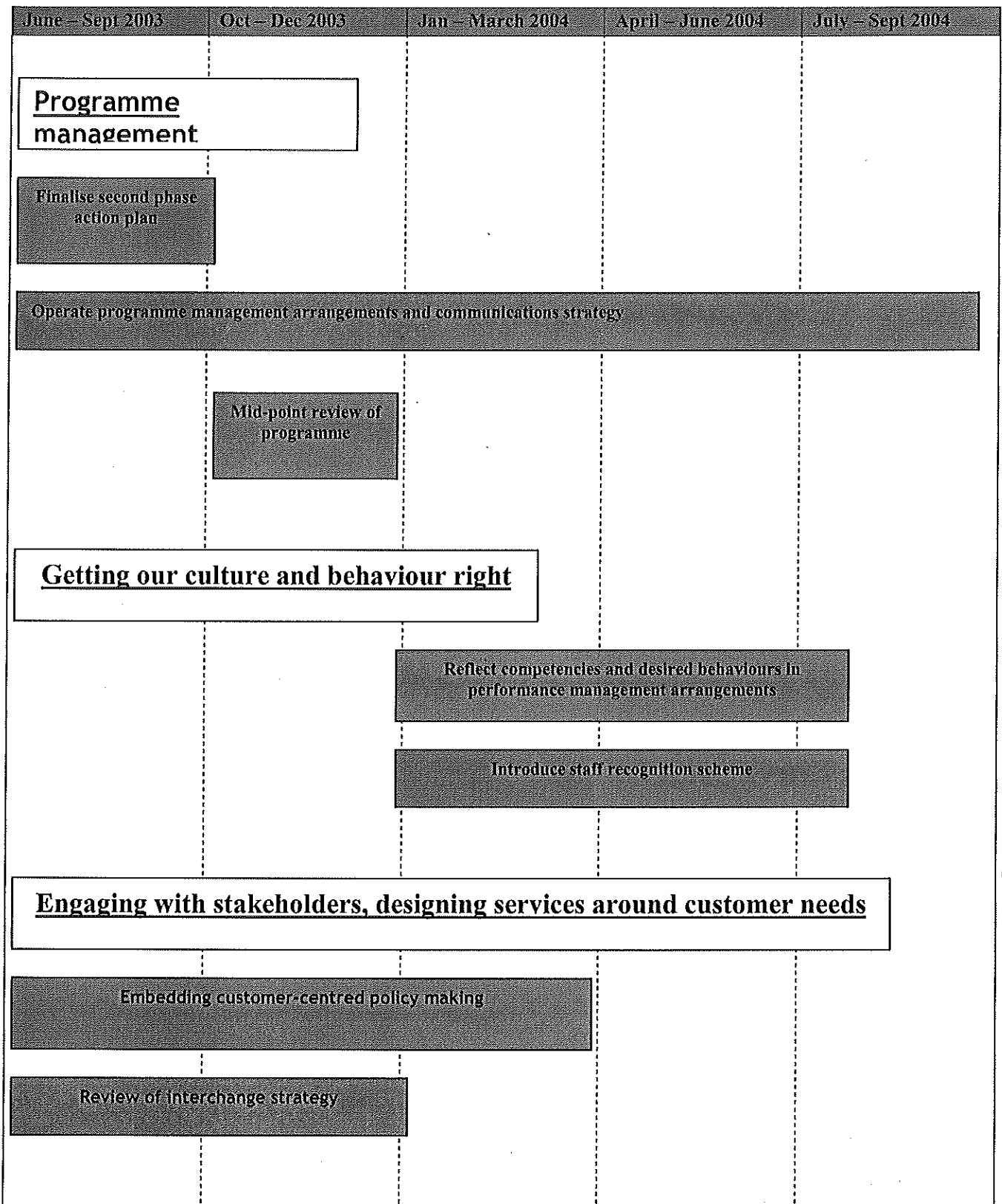
What is it about?

Setting up a system of programme management arrangements to co-ordinate activity across the programme, to ensure the programme remains on track, to control what is communicated about the programme and to maximise the synergies between different parts of the programme.

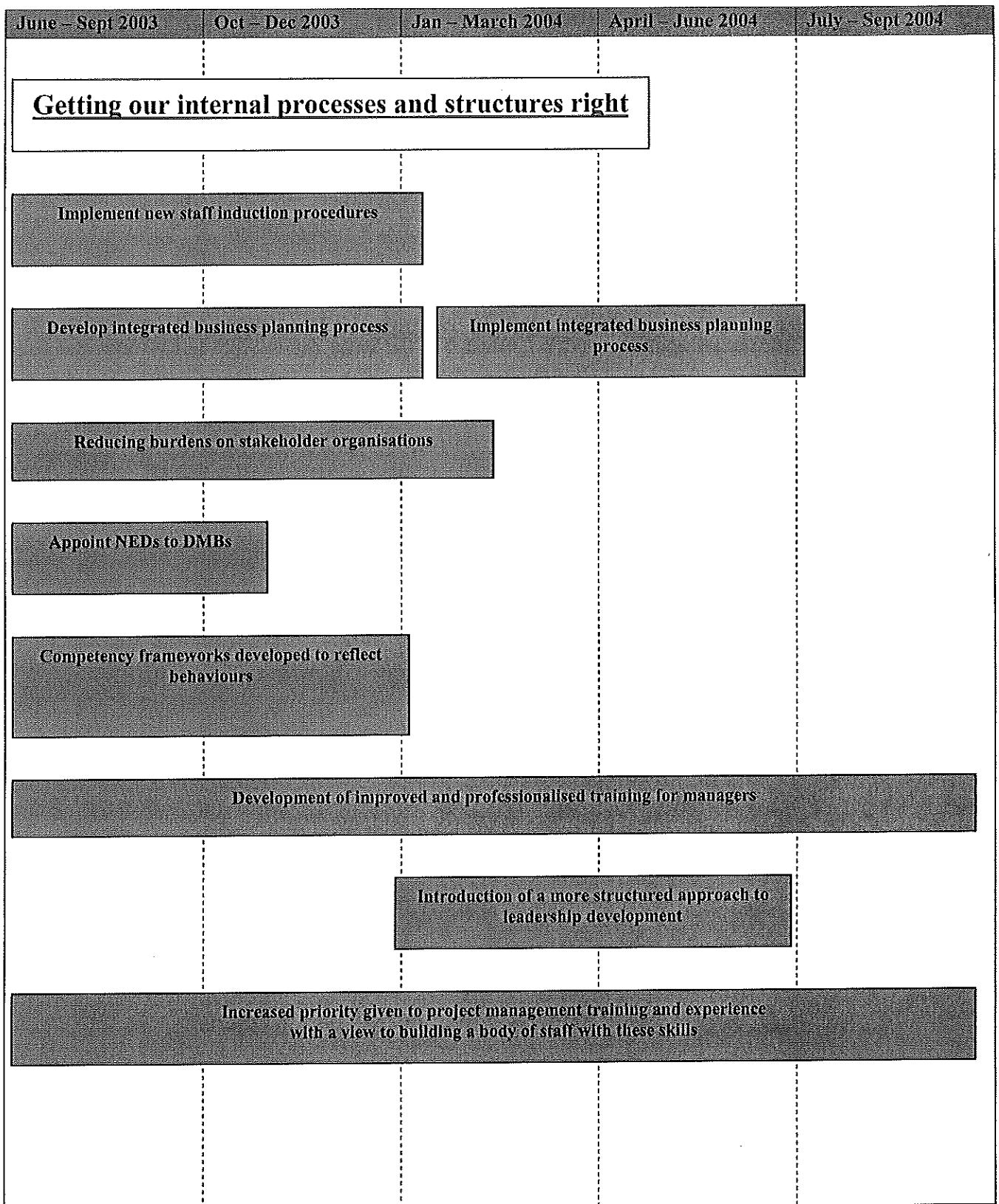
What are doing about it - in the next phase of Changing to Deliver?



Overview of possible action plan from May 2003 onwards



Overview of possible action plan from May 2003 onwards (continued)



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Strand 2: Engaging with stakeholders, designing services around customer needs

What is it about?

Engaging more effectively with stakeholders and delivery partners, understanding customers' needs, designing customer-centred services, developing policy in a more cross-cutting way, working more effectively with delivery partners to bridge the gap between policy and implementation.

Action plan for phase one - January to May 2003

Jan 2003	Feb 2003	March 2003	April 2003	May 2003
	<p>7. Developing and publishing SE who's who chart, for Ministers, stakeholders and delivery partners, and published in hard copy and also possibly on the Intranet and website.</p>			
<p>8. Initial changes to ways of working to be more outwardly focused (see 1, 2)</p>				
<p>9. Developing customer-centred policy making with better engagement of stakeholders and delivery partners. This would include developing a shared understanding of the language of 'customers' and 'stakeholders' across the SE, the development of tools to help policy-makers identify their customers, further development of a model policy-cycle, guidance and training on the model policy cycle and work to embed it further.</p>				
			<p>10. Clarifying relationships with public bodies. Effective relationships with NDPBs are vital, and ensuring consistency of approach and strong lines of communication is important. This work will produce specific recommendations on relationships with and management of NDPBs and the type of support that central units might provide.</p>	

Strand 3: Getting our internal processes and structures right

What is it about? Ensuring that our internal corporate services are efficient and fit for purpose, supporting and enabling managers to manage, ensuring that our organisational structures are not hindering delivery.

Action plan for phase one - January to May 2003

Jan 2003	Feb	March	April	May
11. Capture pan-SE issues from Best Value and factor in to CTD programme plan.				
	12. Review and drop some central travls in order to reduce impact on departments.			
13. Identify initial set of key management info for MG and DMBs to use, including corporate, HR and Finance information.			14. Develop and implement systems and support managers to use the info. (likely to continue beyond May)	
15. Appoint business managers to departments				
		16. Publish HR Strategy doc.		
	17. Prioritise existing HR activities, in order to create capacity to take forward HR strategy.			
		18. Audit of project management skills, as foundation for approaches to recruiting or developing people with project mgmt expertise.		
19. Develop and launch new internal vacancy scheme, and ensure managers clear about their role in managing a proper hand-over.				
20. Reviewing alignment of training budget and plans for 2003-04 with CTD through CLS business planning process.		21. Develop learning strategy, reviewing its alignment with Changing to Deliver, including reflecting needs of policy-making agenda, development of training for managers, role of LDP scheme.		
22. HR structure – look at structures needed to support implementation of the HR strategy, plan and implement new structures.				
	23. New finance reporting requirements, providing managers and staff with the level of support they need to deliver on their financial management responsibilities.			
				24. Revise competency frameworks (to September)
	25. Finance skills analysis – identifying skills gaps and developing options to address them.			
	26. Develop and agree models of finance structure, consult, implement (extends to September), including looking at support to departments and central challenge function			