

Lessons learnt from the set-up phase of the 'Regulatory Futures' cross-functional review

Susanna Smith, 2016

Introduction

Over this parliament, public bodies will play a fundamental role in the meeting the ambitious efficiency targets set by this government. In the drive for transformational reform it is essential that our ALBs are working efficiently, effectively and maintaining the highest possible standards of service delivery. Regular, proportionate and effective reviews of public bodies have the potential to provide accountability, as well as identify opportunities for better ways of working and efficiency savings.

As a result of conversations with John Manzoni, Chief Executive of the Civil Service in July 2015, the Public Chairs' Forum (PCF) saw the opportunity to explore better ways of working collaboratively across departments and ALBs to ensure that ALBs are working most effectively. Working in partnership with the Public Bodies Reform Team in Cabinet Office and the Association of Chief Executives (ACE) the idea of cross-functional reviews emerged. This review process would mark a significant departure from triennial reviews of the last parliament being led by the Chairs and Chief Executives of the ALBs themselves, reviewing bodies in 'clusters' of similar functions and occurring once a parliament. The staffing, resources and financial means for the reviews would also come from the public bodies. Cross-functional reviews form a complementary part of the Cabinet Office's transformational reform programme, including 'tailored' reviews, which will be department-led. There is a drive from Cabinet Office to achieve the collective delivery of a simplified, customer centric and cost effective system for the arm's length provision of public services. As part of this agenda, cross-functional reviews offer the opportunity for ALBs to explore ideas for reform by looking broadly across a wide scope of public bodies to learn from each other's approaches, identifying efficiencies that could have been missed if reviewing bodies through the individual lens of the department. The new reviews aim to benefit the ALBs by avoiding duplication of work, sharing best practice for delivering services and identifying savings opportunities.

The 'Regulatory Futures' review is the first in this new cross-functional approach, which aims to identify savings opportunities across sectors, identify sources of burdens on regulators and develop a taxonomy of effective regulatory delivery models. The review is being conducted against 31 core regulators, with an aim of completion by September 2016.

Aims of the Report

The PCF and ACE are very supportive of the move to work collectively to review public bodies and believe there is much value in leaders at the frontline of delivery being embedded in the process. It will be a great opportunity for individuals from within the same sector to facilitate knowledge sharing and stimulate innovative transformational thinking. The 'Regulatory Futures' review is expected to identify many reform opportunities across the regulatory sector, which would be difficult to pursue by a single Department or regulator, when it is completed in September. However, as the next cross-functional review is currently being scoped, the PCF and ACE see much value in reflecting on what has worked well in this first review and taking the time to consider any potential areas for improvement.

This 'lessons learnt' report focuses on the set-up and commissioning of the cross-functional 'Regulatory Futures' review. Given the variety of sectors and bodies, there is no 'one size fits all' approach to setting up cross-functional reviews but by creating a framework of best practice, we hope that we can provide a useful reference point for future project working groups to set up these reviews in the most time efficient and effective way from the outset.

After conducting interviews with key stakeholders in the start-up process including individuals from the Project Working Group, departments and PCF/ACE, we have produced recommendations based on their feedback across five key themes:

- Governance and accountability
- Objectives
- Communications and stakeholder engagement
- Staffing and administration
- Finance

Lessons Learnt

We have identified 10 key 'lessons learnt' from this first review:

1. The governance model should be clear and transparent
2. It should be clear that, while cross-functional reviews are led by leaders of public bodies, they are a joint endeavour with departments and Cabinet Office
3. An element of pragmatism and focus on making a practical difference, should influence project scope
4. The terms of reference and desired outcomes should be agreed by those responsible for commissioning and delivering the review, before work begins
5. There needs to be a strong communications strategy from the outset
6. It is vitally important to engage fully and regularly with departments at the outset and throughout
7. There should be a part-time chair, full-time administrator and full-time project manager in place from the outset
8. Additional members of the project team should be identified as early as possible
9. There must be a financial business case for the organisations being asked to make a financial contribution
10. A small seed fund should be made available to the review to cover set-up costs

1. The governance model should be clear and transparent

As an entirely new review approach that has been launched by Cabinet Office, but is being carried out by a range of individuals and organisations across the public body landscape, the governance model is complex and there is a challenge to ensure that all stakeholders across departments, public bodies and the project-working group are aware of their own [and each other's] roles and responsibilities in the process.

A transparent and effective governance model will also ensure that partners and stakeholders are aware of how the individuals carrying out the reviews are being held accountable.

The table on the following page outlines what we have identified as the core responsibilities of Cabinet Office, public bodies, departments, the project working group and the PCF/ACE. When launching the review this information should be disseminated to all stakeholders as part of a transparent governance model.

2. It should be clear that, while cross-functional reviews are led by leaders of public bodies, they are a joint endeavour with departments and Cabinet Office

As cross functional reviews form a part of Cabinet Office's wider transformational programme of public body reform, it is very important that departments and public bodies are aware from the outset that this review is a joint initiative between Cabinet Office and the individuals leading the delivery of the review, including the chair of the review and project working group*.

It is essential that the reviews have formal sponsorship from the Minister for Cabinet Office before asking arm's length bodies and departments to get involved. It would be useful for the Public Bodies Reform Team Director to host a commissioning meeting with the Minister for Cabinet Office, the review chair and PCF/ACE before launching the review. The chair of the review and the project working team should also work closely with Cabinet Office to regularly update the Minister for Cabinet Office, Chief Executive of the Civil Service, as well as any financial contributors (most likely from public bodies), and other stakeholders on the progress of these reviews once they are underway.

**Project working group - referring to the core team formed by the Chair of the review and Cabinet Office to lead the delivery of the review. This would include the project manager, director (if a larger review) and any representatives from ALBs who will work with the public bodies under review.*

Cabinet Office	Chair of the review	Project Working Group	Departments	Public Bodies	PCF/ACE
<p>The Cabinet Office has a strategic role as 'commissioner' of functional reviews, and gaining the agreement of the Minister for Cabinet Office and the Chief Executive of the Civil Service.</p> <p>The Public Bodies Reform Team in Cabinet Office should play a key role in galvanising support across government for the review approach, particularly in securing high level ministerial support prior to launching the review.</p> <p>Cabinet Office should be responsible for sourcing the start-up fund, the chair of the review and the administrator and working with the chair to form the project working group during the set-up phase.</p> <p>Cabinet Office should oversee the communications strategy, with the support of the review chair and PCF/ACE, and ensure that information is disseminated regularly to the Minister for Cabinet Office, Chief Executive of the Civil Service and filtered through to departments. It is important that all communications from the centre is consistent with any information disseminated by the project working group.</p>	<p>The role of the chair should be clear to all involved in the process, including how many days per week will be devoted to the review and their primary responsibilities.</p> <p>The chair has a role in working with Cabinet Office to agree the terms of reference, scope the aims of the review, develop work streams, identify candidates for the project working group, gather cross-government and ALB support for the new review approach, provide strategic direction to the steering group and oversee an effective and strong communications strategy.</p> <p>It is recognised that there will be some variables in the role of the chair depending on the size of the review and the number of bodies in scope, nevertheless we recommend that the chair should be available for a minimum of 2-3 days per week during the start-up phase. This enables the review to be delivered at pace and a sufficient amount of time to engage with departments and the bodies in scope.</p> <p>There should be a formal process for appointing the Chair and a contract outlining the terms of employment. The appointment should have formal support from the centre.</p> <p>We recommend the use of PCF/ACE contacts and the Cabinet Office talent database to source candidates with delivery experience to chair these reviews. Some degree of consultancy experience may also be useful.</p>	<p>Once launched, the project working group should take ownership of the delivery of the review, with support from Cabinet Office to undertake fieldwork, collect and analyse the evidence and prepare the report.</p> <p>Staffing arrangements for the review should be transparent and outlined in any communications regarding the official launch of the review, including any additional staff contributing to the review from public bodies outside the core project working group. It should state the individuals' roles, their organisations, the amount of they are dedicating to the review and, if leading on this work, how to contact them.</p> <p>To ensure accountability and transparency of these reviews, the review Chair and Cabinet Office Public Bodies Reform Director should regularly update the Chief Executive of the Civil Service, Minister for Cabinet Office, departments and the bodies in scope on any progress.</p> <p>The governance model needs to state clearly who will be delivering the review and how their actions will be held accountable.</p>	<p>Government Departments should support their ALBs to take part in the reviews, for example complying with information requests. Departments should also work closely with the project working group to ensure these reviews are supplementing other transformational work. It is important that departments are regularly updated on progress of the reviews to share accountability for, and prepare to implement, the agreed outcomes.</p>	<p>With strategic direction from the chair of the review and project working group, public bodies will have a role in participating in the reviews, and in some cases depending on the model of review chosen, conduct reviews themselves. By organising themselves into bodies with similar functions, they will aim to identify opportunities for make efficiency savings and improve ways of working between organisations. Individuals from public bodies will assist the project working group on my aspects of data collection and testing hypotheses before submitting recommendations to departments.</p>	<p>PCF/ACE should provide support for the new approach, disseminate information, endorse the approach to members, and, if needed, help identify potential candidates for the project working group.</p>

Key responsibilities in carrying out cross-functional reviews

3. An element of pragmatism and focus on making a practical difference, should influence project scope

The scope of the review should be shaped in a way that will maximise the potential to find transformational opportunities whilst also being carried out at pace. The objectives need to be applicable to a number of public bodies with a range of functions so the sector being reviewed should be a manageable size in order to be able to develop focused workstreams and maximise the potential to identify reform opportunities. It is important to understand that cross-functional reviews will not be able to review every aspect of each organisation and that as part of the wider public body reform programme, the individual departmental tailored reviews will ensure that there are no omissions in the reviews of public bodies. Rather, the cross-functional reviews present the opportunity to look more broadly across the public sector landscape to consider new, innovative ways for transformational reform that could not be identified through the individual lens.

- The objective timescale for the review should reflect the number of bodies in scope for review and the amount of time that will be needed to engage with them individually, collectively and develop workstreams prior to launching the review.
- All stakeholders should be included in scoping discussions for which bodies will be under review, understand the primary aim of the reviews, who will be contacting them and the timeframe for completion.
- The scope of the review should be realistic and focused in order to maximise the potential for transformation across the sector.

4. The terms of reference and desired outcomes should be agreed by those responsible for commissioning and delivering the review, before work begins

The terms of reference should be set by Cabinet Office alongside the chair of the review, taking advice from Departments, ALBs, PCF/ACE and external stakeholders such as the National Audit Office and the Institute for Government. While it is important to hear the views of the chairs and chief executives of the bodies being reviewed, having too many people across different bodies involved in setting the objectives could result in conflicting ideas about the core priorities of the review. It is important to agree early-on who will be the key players in charge of drafting the terms of reference and communicate that to all stakeholders.

- The objectives of the review should be transparent and articulated consistently to stakeholders before the process begins.
- The terms of reference should be written by Cabinet Office and the Chair of the review after consulting with stakeholders across public bodies,

departments and potentially drawing on the expertise of consultants. They should then be agreed by the CEO of the Civil Service and Minister for Cabinet Office who can endorse them to ministers, permanent secretaries and the implementation teams in departments.

- The terms of reference should outline clearly what the commissioning, sign off and, if necessary, the ministerial and collective agreement process will be. There should be clear process for how ALB-led review outcomes will be adopted by government.

5. There needs to be a strong communications strategy from the outset

Information about the 'Regulatory Futures' review has been disseminated from a number of sources; including PCF/ACE, Cabinet Office, the Chair of the review and the project working group. There have also been several layers of recipients including PCF/ACE members, departments, the 31 regulators in scope, the broader 75 regulators in the sector and the wider public body landscape. This is a product of the nature of cross-functional reviews cutting across sectors and departments and it is important to ensure that the messages of all communications to stakeholders are aligned.

- The chair of the review and project manager, in partnership with Cabinet Office, should have a joint communications strategy and plan in place prior to launching the review, including timescales for when information will be sent out, by whom and details for all those needed to be contacted.
- The individuals leading the communications strategy should be identified as early as possible.
- Prior to launching the review, departments, delivery organisations and other stakeholders should have a clear understanding of who they will be receiving information from throughout the review process.
- Communications should be consistent to all stakeholders. If information is disseminated from a range of sources, such as Cabinet Office, the project working group and PCF/ACE, their central messages, review title, branding and language should be aligned.
- It is important that the project working group and Cabinet Office regularly engage in person with representatives from the bodies being reviewed, departments and other key stakeholders. Hosting workshops has proved an effective approach for engagement, as well as arranging individual meetings. This should ensure that all parties are on board with the expected outcomes and ready for the implementation phase.
- It would be useful for ALBs and departments to have direct communication from the Chief Executive of the Civil Service, in partnership with the chair and project team, in order to signal the importance of the review. Perhaps the CEO could be invited to speak to the ALBs in scope or senior stakeholders in the relevant departments.

6. It is vitally important to engage fully and regularly with departments at the outset and throughout

Departments need a clear understanding of how cross-functional reviews will fit with tailored reviews and other departmental transformation work. They also need assurance that the reviews will be fair, self-critical and that the individuals delivering the review will be held accountable for their actions. A transparent governance model and clear objectives are important aspects of securing departmental confidence in the process. However, it is equally important that a strong communications strategy is in place to report any progress and intermediary findings. Where the reviews are being conducted by the public bodies themselves, departments play a critical role, particularly at the implementation phase, but also in assisting with information requests and other adhoc work during the delivery of the reviews. It is therefore essential that departments are supportive of the approach, understand the aims of the reviews and want to contribute.

- It should be clear to sponsoring departments as well as public bodies how cross-functional reviews form part of Cabinet Office's wider transformational reform agenda, including tailored reviews, and how cross-functional reviews will supplement other departmental work.
- Cabinet Office and the project working group need to ensure that there is high-level ministerial and wider departmental support for the review. In addition to the ministerial write-round, as part of the broader stakeholder engagement strategy, there should be regular meetings with ministers and senior departmental representatives to ensure they understand the aims of the reviews, how the chair and project working group are being held accountable and are updated on its progress and can translate that to the implementation teams in departments.
- Departmental engagement needs to be built into the communications strategy from the beginning of the set-up phase and departments should be regularly updated on any progress. Representatives from departments could be invited to joint-meetings with the chair, project working group, Cabinet Office and public bodies under the review.
- Departments and bodies being reviewed need to be presented with a clear terms of reference for the reviews, outlining their purpose and the intended benefits.

7. There should be a part-time chair, full-time administrator and full-time project manager in place from the outset

In our table on page 4, we outlined the main responsibilities of the key groups involved in cross-functional reviews. As noted, it will be the responsibility of the chair, with Cabinet Office support, to identify the individuals to form the project working group who will lead on the delivery of the review once it has been launched. However, it is also important that there are also individuals available to support the chair while they are developing the objectives and workstreams, prior to launching the review. We recommend that the reviews are set-up by a minimum of a chair, project manager and administrator. It is important that the part-time chair has staff readily available and committed to the review from the outset to deliver these reviews at pace.

- The project manager's role should be to assist the chair of the review in all aspects of preparation for launching the review, as well as leading the review once it is underway. This would include engaging with Cabinet Office, departments, working on a strong communications strategy and developing the objectives and workstreams.
- A project administrator should be in place from the start of the scoping process to support the Chair and project manager, for example booking meetings on behalf of the project working group recording minutes and assisting in drafting and disseminating key information to all stakeholders, as part of the clear communications strategy set by Cabinet Office and the project working group. There should be a payment strategy in place from the outset for their role.

8. Additional members of the project team should be identified as early as possible

- Seconded staff for the project working group and any additional staff contributing to the delivery of the review should be identified early-on and the practicalities of their employment negotiated well in advance of launching the review. For example, considering any geographical barriers, how much time they are able to dedicate to the review and what work they will be specifically carrying out.
- Dependent on the size of the review, a project director may also be necessary to lead the delivery of the review once it has been launched.
- The Cabinet Office talent database could be a useful tool for sourcing individuals to assist in the delivery of these reviews.

9. There must be a financial business case for the organisations being asked to make a financial contribution

With strategic direction from the Chair of the review, the project working group and Cabinet Office, cross-functional reviews are being carried out on a voluntary basis by individuals in the ALBs being reviewed. In order to encourage the greatest levels of financial, staffing and resource participation from ALBs, it is essential that there is a clear understanding of the beneficial outcomes of being involved. Cross-functional reviews offer a great opportunity for public bodies to play an active role in the future of their governance and priorities and this should be articulated as part of the stakeholder engagement piece.

- Once it is clear which bodies are in scope for review and the amount of funding needed, the chair, project manager, Cabinet Office and PCF/ACE should identify a strategy for securing financial and resource contributions. While contributions should be voluntary, this engagement strategy should ensure that organisations understand the value of the new approach and want to play a part.
- There should be a clear business case outlining the benefits of the review to potential contributors, as well as any sponsoring departments. It should be clear how much time and resource the review team require, the timeframe for its delivery and expected outcomes.
- Prior to launching the review, Cabinet Office, the chair and project manager should have secured the appropriate amount of funds, have a timetable of when the funds will be received and how they will be used.
- If the PCF is to act as a conduit for funding of the next review, it is important that the project working group ensure that the bodies contributing funding are aware of this and comfortable with this as the mechanism for payment.

10. A small seed fund should be made available to the review to cover set-up costs

The current approach for securing funding for cross-functional reviews is for the chair of the review and project working group to engage with organisations individually to ask them to contribute funds, however in order to encourage participation a certain amount of work needs to have been done prior to this to have a clear business case of what the reviews are trying to achieve and the benefits. It is important that there is a small amount of start-up money to help with these initial arrangements which could then be reimbursed once the bodies have contributed funds. Cross-functional reviews require a significant amount of co-ordination in the set-up phase in engaging with stakeholders across a range of organisations and departments, for example to disseminate communications, discuss the objectives, developing workstreams and form the project working group. It is essential that during the set-phase there is a full-time team member to assist with administrative tasks, such as writing and disseminating minutes from meetings, and a seed-fund would be necessary to pay for their time.

- There should be a small seed fund for the review, which could be used to cover necessary costs during the set-up phase, provided that the position of the chair is unremunerated and the project manager is seconded to the team. This start-up loan could then be recouped through efficiency savings.

Conclusion

The cross-functional approach is a ground-breaking move not just in the way we review public bodies but also in evolving the relationship between government departments and ALBs. Functional leaders have given ALBs the opportunity to act as leaders in the partnership; a significant departure from the department-led sponsorship model. In the context of further efficiency targets over this parliament, the approach offers an entirely new lens, outside the department, to identify a range of opportunities for efficiency savings and transformational reform across sectors in the public body landscape. The findings of the reviews should not only help the departments meet their savings targets at no extra cost or resource, but will also facilitate collaborative working between public bodies themselves to share best practice and identify more efficient ways of working for the long-term. Overall, the reviews will benefit both ALBs and departments whilst also helping Cabinet Office achieve their aim for the collective delivery of a simplified, customer centric and cost effective system for the arm's length provision of public services.

As with introducing any new innovation that breaks the traditional way that government works, there have been some tensions to overcome in setting up the first 'Regulatory Futures' review. While, the review is expected to produce a number of significant recommendations for the regulatory sector and has been a successful pilot in this ground-breaking approach, there are certainly ways that it could have been set-up more efficiently from the outset. There is no doubt of the benefits in pursuing cross-functional work and the positive role these reviews will play in the drive for transformational reform and efficiency savings, however, in going forward it is important to take note of the key lessons learnt from this first review. It is essential to secure high levels of participation and a collective understanding of their purpose from the outset. It is important to ensure that all relevant stakeholders in ALBs and departments are clear on their roles and responsibilities in the process and how the initiative will supplement other transformational work. There needs to be confidence in the transparency and accountability of the process by securing ministerial and wider departmental support and clearly articulating to all stakeholders the aims, objectives, progress and expected outcomes in a coherent and consistent communications strategy. It is also imperative to ensure that these reviews are delivered at pace by setting concise and realistic objectives and determining a strategy for how these reviews will be financed and resourced prior to launching.