

Agenda item:	6
Report title:	GMC Change Programme
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Considered by:	Council/Performance and Resources Board
Action:	To consider

Executive summary

In November 2015 Council made decisions in principle on major elements of the GMC Change Programme following a review that began in the Autumn of 2014.

Council and the Senior Management Team (SMT) have discussed the change programme throughout 2015 and November saw Council make decisions in principle on two major internal changes to our organisation relating to location of work and pensions. This completed the major decisions needed on the programme following decisions in September about non-Annual Retention Fee income and the set-up of GMC advisory services.

In November, Council approved in principle that we will relocate approximately 130 posts from the London office to Manchester and reduce occupancy of our London accommodation. In total 150 posts will be affected in London through a mixture of relocation and restructuring. The cost of making this change is approximately £10 million with net savings of £5-6 million per annum from 2018 onward.

Council also agreed in principle to reform the GMC's defined benefit pension scheme to reduce the costs of the scheme to the GMC as an employer allowing us to avoid a cost pressure of approximately £2.5million per annum from 2017 onward.

This paper describes the context for these changes, the issues and risks considered and the rationale for the decisions made.

Recommendation

Council is asked to consider this report on the GMC Change programme and the decisions made in principle by Council in closed session on 11 November 2015.

Issue

- 1 Upon my appointment as Chief Operating Officer (COO) in autumn 2014 I was asked by Council to undertake a wholesale review of the organisation. Progress on this review has been reported on in my COO reports to Council in June 2015 and September 2015. The culmination of this review is the proposed GMC Change Programme.
- 2 Council discussed and reviewed proposals on the Change Programme at its awayday in July 2015, in seminar in September 2015 and finally in closed session in November 2015. In November 2015 Council made decisions in principle on the Change Programme that the organisation will now implement and this paper explains the context for these changes, the issues and risks considered and the rationale for the decisions made.

The COO Review

- 3 The COO review encompassed five main areas of focus: organisational culture; organisational design and capability; activity and demand; our cost base; and our income streams. The review findings were discussed and debated with our Leadership teams. The outcomes of this review were that we needed a focussed and thorough programme of change to help us deliver an ambitious corporate strategy, cope with rising demand for services and to help us become more agile and flexible as a regulator that is both proactive and risk based. We also identified a need to become even more efficient and effective to be able to demonstrate good stewardship of GMC resources in delivering our statutory and charitable functions for public benefit.

GMC Change Programme

- 4 The Change Programme is focused around five key portfolios of work that enable us to deliver the changes we need as a business while also helping us safeguard our future financial sustainability. The portfolios are:
 - a Organisational Design and Capability.
 - b Income Generation.
 - c Reducing Costs.
 - d Working Smarter.
 - e Innovation.

- 5 The governance structure for this programme is at [Annex A](#) and includes oversight from the Audit and Risk Committee and ultimately Council, which has overall responsibility.
- 6 The major changes under the Programme concern our effectiveness and efficiency in the way we go about our business. Some of these changes have external impacts but many are changes to how and where we work and what investment prioritisation we feel we need to make in the future.

What has been decided already?

- 7 At its meeting on 30 September 2015 Council decided that we would introduce new charges and fees to help us cover our costs for certain services we provide, for example the Professional and Linguistic Assessments Board (PLAB) exam. It was also decided that we should invest innovation funding in the set-up of a GMC advisory arm which will enable us to offer advisory services to other regulators/organisations in the UK but also internationally. Council considered that this investment would help the GMC play a crucial and supporting role in the drive to export UK health and regulation abroad, expand our knowledge and skills to further improve UK medical regulation at home but also, eventually, generate income to help us minimise the impact of any future Annual Retention Fee (ARF) increases on the medical profession.

What was decided in November?

- 8 At the closed session on 11 November 2015, Council:
 - a Approved in principle the relocation of approximately 130 posts from the London office to Manchester, the transition of 30 posts to regional/home based working from the London office and the reduction of occupancy to one floor in London. It was noted that the plans were to reduce headcount by around a further 20 posts, and that approximately 110 posts would remain in London as we seek to move like functions together to generate internal efficiencies.
 - b Agreed to reform the GMC's defined benefit pension scheme to reduce the costs of the scheme to the GMC as an employer.
- 9 These changes will require statutory consultation with staff and the deferred and retired members of the pension scheme and this will begin in January 2016. We aim to complete these internally focussed parts of the change programme by early 2017.
- 10 The timelines for these changes are set out in [Annex B](#) and the high-level communications plan we have used for staff is at [Annex C](#). We have also communicated with key external stakeholders around these changes.

- 11** As part of business planning and investment prioritisation we have also sought to prioritise our operational plans and reduce capital expenditure in a number of areas to accompany these changes and this is reflected in the 2016 business plan and budget (item 7 on the agenda for this meeting).

What risks and issues were considered in making these decisions?

- 12** We used our internal risk assessment framework to score and assess the risks of the Change Programme and Council was presented with this analysis while making decisions. Of the changes proposed in November, the highest risks to the organisation are linked to our staff and especially the management and communication of the change, management of both staff morale and business continuity and the management of transitional arrangements/recruitment of new staff. It was noted that detailed transition planning will be required and that other mitigation steps will be put in place.
- 13** Other risks of a commercial nature were also considered as well as generic programme delivery risks such as timescale and cost overruns and technical requirements for areas such as technology and facilities.
- 14** Council also considered analyses on the equality and diversity impacts of the issues associated with both proposals and therefore considered its public sector equality duty in making its decisions. The analyses will be updated and reviewed as proposals become more concrete following statutory consultation with staff in early 2016.

Rationale for decisions made

- 15** In making these fundamental changes to the way we are structured and how we operate, we have been conscious of the need to build flexibility and agility into our organisation structure and culture. We believe these changes will deliver flexibility within and across teams from co-locating more functions in Manchester; improved communication within teams and across the organisation; more opportunities for staff to progress as organisational design principles are applied such as removal of layers; and the elimination of duplicated activity. When added to other initiative such as the Customer Service Strategy, the People Strategy and our ongoing commitment to continuous improvement we feel this will have a powerful cultural impact on the organisation.
- 16** The Change Programme will help us deliver our ambitious strategy, maintain delivery of statutory functions and face the significant and unpredictable external challenges that may come our way in the near future from changes to legislation, greater devolution and calls for smarter, risk based and pro-active regulation.

- 17** Moving like functions together in London and concentrating roles and functions in Manchester also helps us to generate significant savings to our present cost base and brings economies of scale benefits. The investment costs and benefits are shown at [Annex D](#). In summary we envisage the cash cost of the accommodation and people proposals to be approximately £10 million over the 2016/17 financial years with a recurrent net payback of between £5-6 million per annum from 2018. Likewise, by reducing the future cost of our defined benefit pension scheme we are tackling a growing financial pressure for the organisation. The benefits from this proposal are approximately £15 million over 10 years as we will avoid potential cost pressures of approximately £2.5 million per year. The cost of introducing the changes to pensions is likely to be around £150,000 in 2017.
- 18** Fundamentally, the Change Programme ensures the GMC is financially stable for the foreseeable future and allows us to demonstrate effective stewardship of the GMC's resources. It also provides the organisation with the flexibility and resilience to better support our ambition to create a model of regulation that is fit for purpose for the future. Our aim was equally to ensure that the external impact on our registrants is proportional, and that increases to the ARF should be minimised where possible.

Next steps

- 19** The implementation of the Change Programme has already begun with the establishment of formal project governance and the beginning of detailed project planning. The Programme will report to the Performance and Resources Board on a monthly basis and from there to Council through my regular COO report. The Audit and Risk Committee have agreed to monitor the risk profile of the implementation on behalf of Council and will undertake detailed risk oversight throughout the programme.
- 20** Further analysis will be presented to Council once formal consultation is complete in March 2016 and this will include a revised Equality and Diversity analysis and any changes to the detailed financial planning already undertaken.

M6 - Annex A

Change Programme
Governance

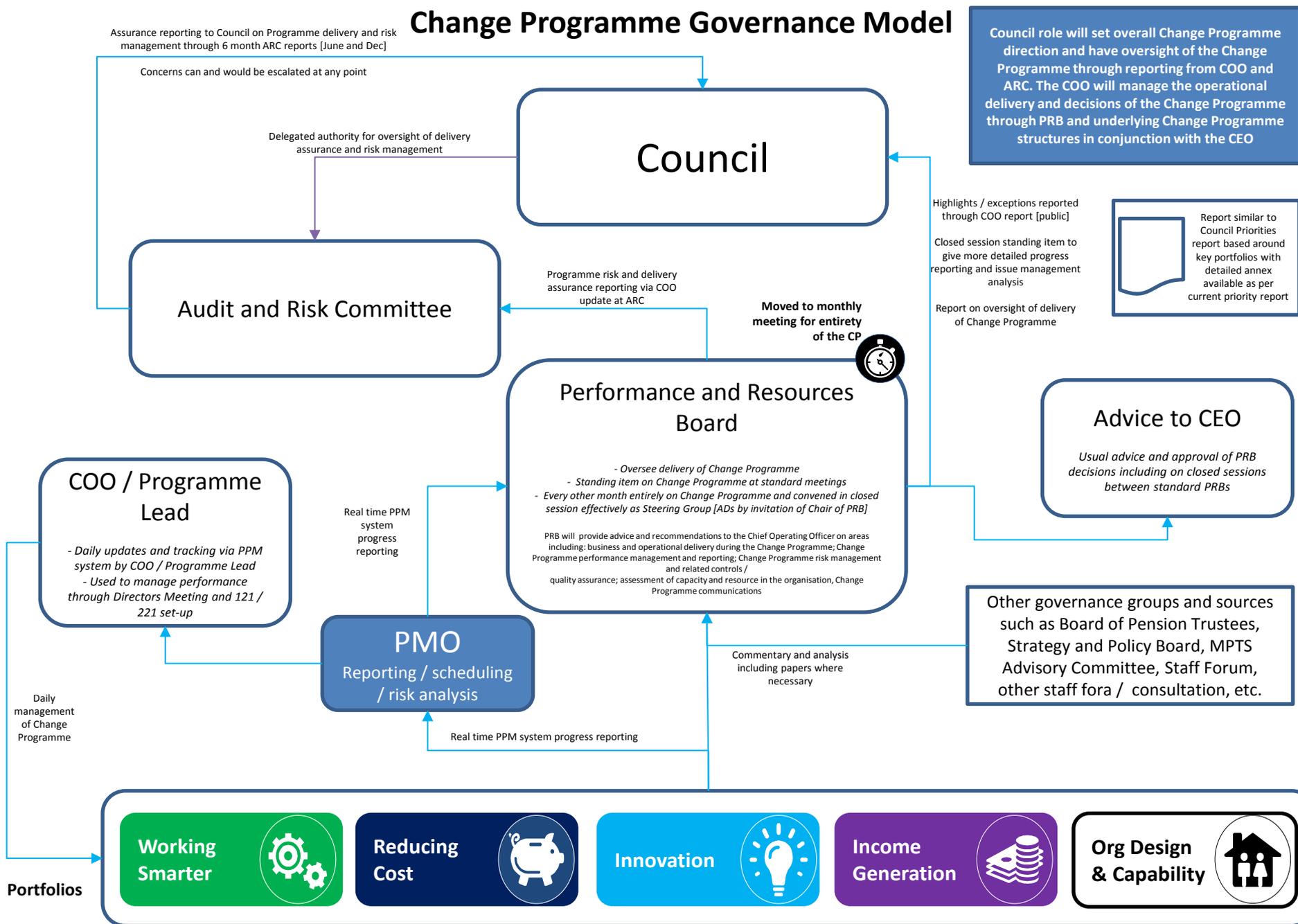
General
Medical
Council

Working with doctors Working for patients

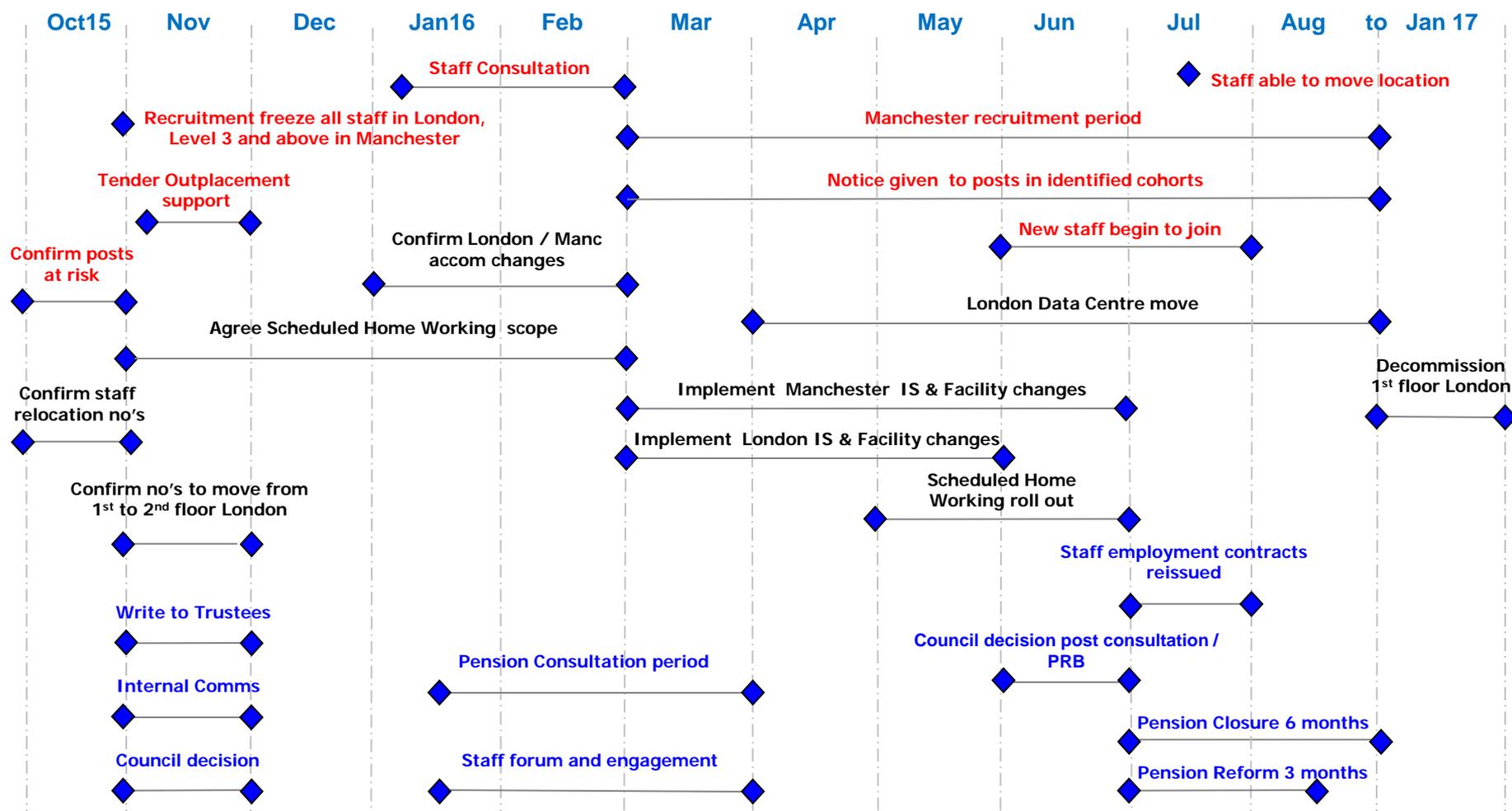
Introduction

This is the highest level of the envisioned Change Programme governance model and we are still working through the individual projects and portfolios within the overall programme itself. This will be finalised after Council decisions in November on the cost reduction/transformation elements of the Change Programme.

Change Programme Governance Model



Annex B - People, Accommodation and Pensions high level timelines



Version 7.0

Red – People

Black - Accommodation

Blue - Pension

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M6 – Annex C

Communication plan around the Change Programme

- 1 Given the nature of the Change Programme and the impact, in particular on London teams, a risk has been identified that staff morale is reduced due to the redundancy programme, the destabilisation of the workforce and general uncertainty.
- 2 There has been significant communication with staff about the Change Programme in the lead up to this meeting including:
 - Face to face meetings with the Senior Management team and the Assistant Directors and Heads of Sections.
 - A fortnightly new internal communications process - 'Cascade' - to support all HoS to deliver consistent and timely messages about the Change Programme to their teams.
 - A dedicated section of the intranet has been launched to ensure staff get consistent messages about all aspects of the Change Programme.
- 3 Following the meeting in November an extensive communications engagement with staff will begin on the decisions made by Council.

Internal communications

- Assistant Directors and the Staff Forum will be briefed by the Senior Management Team on the afternoon of the Council meeting.
- Briefing materials will be provided to all senior leaders to support them in making the announcement to their teams.
- Face to face meetings will take place with those impacted directly by the accommodation decision in London on 12-13 November 2015.
- Floor meetings will take place in Manchester.

- Week beginning 16 November 2015 the Chief Executive and Chief Operating Officer will host seminar sessions in London and Manchester, with Directors also in attendance, and HR will hold drop in sessions.

External communication

- Provide a high level and confidential outline of the changes agreed at Council to key contacts (such as the Professional Standards Authority, Department of Health, BMA, Medical Defence Organisations, Academy of Medical Royal Colleges, NHS Education for Scotland, Health Education England and other national education bodies).
- Press release and external communications including to all doctors via GMC News will be prepared but will not be issued proactively. The key point for external communications will be the Council meeting in December and the announcement about next year's budget including the Annual Retention Fee. This communication will allow us to demonstrate that we have taken necessary action to bear down on costs to keep the ARF as low as possible whilst maintaining a London base and a presence in Scotland, Wales and Northern Ireland.

Ongoing communications

- We will increase the membership of the Staff Forum to ensure colleagues affected by changes are represented on the Forum.
- The system of cascade will continue throughout 2015/2016 with messages delivered every fortnight on all aspects of the Change Programme.
- The dedicated intranet pages supporting the Change Programme will continue with regular updates for all staff and opportunities to engage in the transformational projects such as customer service and digital media.
- A programme of senior leadership visibility linked to the Change Programme is being developed.
- Building on previous work with the Leadership team and HoS there will be continued engagement and support around managing change.

Narrative for internal and external communications

- 4 The GMC has an ambitious corporate strategy which aims to deliver a new model of medical regulation – one that is evidence and risk-based, proactive and more collaborative.
- 5 We are also facing uncertain and potentially significant changes to the legislation which underpins our work and to the wider regulatory environment in the UK.
- 6 Against this backdrop we also have a significant financial challenge to contend with. In recent years, we have taken on new responsibilities and seen a higher demand for our services (such as an increase in complaints about doctors). As a result, our running

costs have continued to rise – typically by 4% each year. However our underlying income growth is nearer 1% after recent ARF and non-ARF changes have been adjusted for.

- 7** These challenges mean that we are reviewing every corner of the way we work as an organisation. We are working to develop and shape a new way of delivering our business – our functions, our form, how we present ourselves to the outside world and our organisational culture and capability.
- 8** This includes:
 - Reducing the accommodation we occupy in London and making Manchester our main base and maintaining a presence in Scotland, Wales and Northern Ireland.
 - Increasing our regionally based workforce throughout England.
 - Changing a number of the fees which we charge doctors for particular services (such as introducing small charges to cover the costs we incur for all credit card transactions).
 - Exploring the possibility of whether we can charge for offering some services internationally.
 - Embedding customer service and continuous improvement into the way we work, to make sure we deliver our work in the most effective and efficient way possible.

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M6 – Annex D

Accommodation and people cost and benefits

	2016	2017	2018	2019	2020
Costs					
Total costs	7,034,307	2,890,000	160,000	160,000	160,000
Savings					
Total savings	-1,440,100	-4,572,838	-5,350,887	-5,456,739	-5,528,335
Total	5,594,207	-1,682,838	5,190,887 ⁻	5,296,739 ⁻	-5,368,335
Cumulative	5,594,207	3,911,369	1,279,518 ⁻	6,576,257 ⁻	11,944,592 ⁻

In addition to these benefits the Change Programme will help us avoid approximately £2.5 million of additional cost pressure on our Defined Benefit pension scheme per annum from 2017 onward.