Management Board

Remodelling HR, Finance and Procurement: Supplementary Report

by the Programme Manager

Introduction

 A report about remodelling HR, Finance and Procurement (MB2008.P.36) was considered at the April Management Board meeting. Management Board agreed the broad thrust of the report but asked for the Project Team to consult further and to review the proposed project plan.

2. This report:

- a. summarises the views of various groups affected staff in the various functions, line managers, TUS and the DEOs in DIS and DR (Annex C).
- b. makes some supplementary recommendations or amendments from the original report (throughout paper and summarised in Annex B)
- c. Proposed a team structure and outline programme plan for implementation (paragraphs 19-21 and Annex A).
- 3. For the sake of clarity, we refer to:
 - a. L&D to mean Learning and Development
 - b. HR to refer to both L&D and HR Management.

Summary

4. **MB** are asked to approve the outline programme plan in Annex A. Most of the more detailed decisions summarised in Annex B are for the Programme Board, but the Management Board is welcome to comment if it wishes.

Consultation

5. The Project Team held meetings with the groups set out in Annex C. A summary of all the meetings is also in Annex C.

Issues

Management

- 6. Three main issues have been identified through the consultation process:
 - a. Capability and consistency issues are being addressed in the project plan (Annex A) by improving guidance, determining training needs for managers and by restructuring HR to provide improved support. It is also proposed that a Transition Team (referred to as the Implementation Team in the previous

report) provides extra support during the initial period of operation of the new Management Responsibilities and Standards during the 2009/10 reporting year.

- b. Capacity. There were mixed views about capacity. Those who felt they did not have the capacity tended to fall into two camps those who are already spent a lot of time actively managing, and those who were inexperienced as people managers. The latter group tended to assume that the new areas of responsibilities would need constant attention (we do not believe they do), whereas the former group were managing to capacity and could not take on extra work. However, the project team are still of the view that neither assumption holds true. Current active managers are probably doing most of the things that take up time, particularly active management of performance which is already the responsibility of line managers. For inexperienced managers the main activity will also be performance management, and there is undoubtedly a training there that is addressed I the project plan.
- c. *Timescale*. There were mixed views over whether a 1 April 2009 start date for the new management standards was achievable. Our view is that it is achievable. However, there will be a particular need to support managers during the first year of operation through additional people management training (factored into the project plan Annex A) and the use of additional support (paragraph 6a).

HR (including L&D)

- 7. Following consultation with all of the HR teams, the Project Team recommends that the activity analysis that was originally envisaged for the DIS and DR HR function should be extended to all HR teams. This would follow the following broad process:
 - capturing current tasks and time spent on them. DIS have already completed this stage, and the Programme Team will review the methodology used
 - b. considering what the House's managers wants the HR function to focus on
 - c. considering the risks of discontinuing or reducing time spent on activities that are considered to add little value.
 - d. Defining what HR teams should do (on the basis of a to c above).
 - e. Defining the structure required and individual roles.
 - f. Job evaluating individual roles.
- 8. In the original report, we recommended that DIS and DR should consider merging. Managers from both departments have discussed this and decided that as a first stage the senior HR manager role should be combined for DIS and DR but that reporting to that role

there should, for now, continue to be two separate teams. We recommend that the senior HR manager for DIS and DR should be managed by the Director HRM&D but could be physically based in Derby Gate.

L&D

- 9. It remains the view of the Project Team that elements of administration and procurement are centralised within Corporate L&D, but we recognise the need to better define what this means.
 - a. L&D managers in each department should be able to concentrate on substantive L&D issues such as: conducting training needs analysis; specifying the nature and contents of suitable learning intervention; sourcing suitable learning providers; and evaluating the success of interventions (the list is not intended to be exhaustive).
 - b. L&D managers should not normally have to administer training for example, booking rooms, updating HAIS, organising refreshments or confirm delegates. Arguably in DF there may be sufficient activity to warrant a departmental resource to deal with regular and specialised training, but in most cases it would probably be more efficient for that administration to be handled centrally. The issue will be clearer following the completion of the activity analysis.
 - c. The other aspect of administration (although we concede it may have been misleading to include this as solely an administrative activity), is that learning interventions that have a House wide application should be organised, or at least co-ordinated, centrally. This may require an L&D protocol to be agreed that sets out how the central and departmental L&D functions would operate. It will also require central and departmental teams working together more closely in the same way that we had envisaged in the original report for the whole HR community.
 - d. On L&D procurement, there are four issues:
 - i. duplication of effort between departments,
 - *ii.* inefficient use of suppliers including different departments using the same supplier to deliver and
 - *iii.* departmental procurement of learning interventions that have a House-wide relevance.
 - e. To deal with these, the Corporate L&D team should have responsibility for authorising departments to source their own suppliers either off or on the framework having first determined that there is:
 - i. no existing supplier that can provide the service across the whole House.

ii. no House-wide relevance to the learning intervention.

10. It remains the view of the project team that LDG, in its current format should be discontinued. However, we would reiterate that it will be necessary for management meetings between either the Head of Corporate Learning and Diversity or the Director HRM&D and the central and departmental L&D managers to take forward corporate L&D strategy and individual learning initiatives. This would be smaller group than LDG.

Commercial

- 11. Despite the views of procurement staff, the main barriers to early implementation of the Commercial recommendations remain the personalities of those currently leading the procurement teams. To deal with that barrier requires one of two actions:
 - a. to get the current managers of the two procurement teams to be able to work together and for there to be some agreement as to which *single* person could lead implementation of this strand in the short term.
 - b. to provide another manager who can lead the short term implementation pending the appointment of a Commercial Director. This could be a knowledgeable person from within the House or an interim manager.

Of course, starting implementation now always carries the risk that the Commercial Director, when appointed, does not support the changes made or proposed so far, something of which the House has had recent experience. However, in this case the risks are probably smaller given both the uncontroversial and common-sensical nature of the Commercial recommendations, and the fact that they support the aims that the Audit Committee expressed. Also the consequences of the risk being realised would be no different to doing nothing until the Commercial Director arrives. Therefore, it is recommended that the commercial recommendations are taken forward before the new Commercial Director starts.

12. This has not been factored into the project plan in any detail because there are too many unknowns at present, but the picture will be clearer before the summer recess. Work has begun in trying to come up with a working arrangement in line with paragraph 11a (more details can be given at the MB meeting).

Finance

13. Given the views of the Director FMD, some of the staff and the project manager for the Business Benefits strand (Annex C paragraph 4), it makes sense for Finance to go through a similar activity analysis exercise to ensure that it is delivering what the House requires, and to review its structure and individual roles accordingly.

TUS

- 14. The FDA (representing senior managers), on balance, support the main thrust of the proposals but have concerns over logistics, particularly the level of support given to managers through guidance, training and HR support.
- 15. Prospect (representing professional staff, particularly in DIS, Hansard, and Estates) appear to have the same concerns, and do not favour the proposals for those reasons.
- 16.PCS (representing administrative and catering staff including middle mangers in most departments) and GMB (representing catering staff) oppose the proposals on principle. The main two issues are:
 - a. concerns over making line managers more responsible for making decisions in contentious areas (e.g. dismissals, harassment and bullying). They would prefer decision to be made by DEOs who they view as being more impartial.
 - b. the resource reductions proposed in the original report.
- 17. It may be possible to bring Prospect and their members around through future engagement, but PCS and GMB will be more difficult. The project plan factors in continuing dialogue with the unions.

Implementation

Approach

- 18. It is proposed to implement the programme along PRINCE2 lines with an overarching programme manager and individual project managers for five project strands:
 - a. Business benefits. This will work up the business benefits from the original report into:
 - i. measurable criteria to evaluate the success of the programme
 - ii. aims for each of the four strands below.
 - b. Management. This will be combined with the strand above. This project will prepare the ground (e.g. define line management responsibilities and standards, write or rewrite guidance, define training requirement, work with other strands to ensure adequate support).
 - c. HR. This will lead on the defining the requirements for HR and come up with a structure, and working practices to
 - d. Finance. As for HR. HR and Finance should work together on activity analysis methodology.
 - e. Commercial. This subdivides into further strands.
 - i. Recruitment of a commercial director.

ii. Proposing commercial protocol for the House and restructuring of procurement teams into Commercial Directorate.

Teams

- 19. Remodelling implementation programme team
 - Programme board: Andrew Walker, John Borley, [s.40]
 - Programme Manager: [s.40] (short term), filled by internal trawl (long term).
 - Projects:
 - a. Management/Business benefits: led by [s.40]
 - b. Team members for:
 - i. writing guidance are: [s.40] and others (e.g. H&S and Diversity) supported by consultancy advice on presentation.
 - ii. training: [s.40].
 - c. HR: led by Heather Bryson
 - d. Finance: led by Chris Ridley
 - e. Commercial:
 - i. recruitment of Commercial Director: [s.40]
 - ii. other objectives: led by Commercial Director once appointed. [s.40] is discussing with senior procurement managers how the work could be progressed in the short term.

Timescale

- 20. A proposed outline project plans is at Annex A.
- 21. The following areas are already being progressed:
 - a. Appointment of "Resource Directors". DF and DIS have directors in place. DCCS are currently looking for a person to fill their role, and DR are about to launch an internal recruitment for a role.
 - b. Recruitment of Commercial Director is under way and factored into the project plan.
 - c. Some activity analysis. DIS had already done their analysis of current activities.
 - d. Changes to Finance in DF. DF managers are working to put in place the structural changes to the DF finance team.
 - e. Recruitment HR senior Team. Job descriptions templates are being drafted by the Director HRM&D with a view to these being tailored by departmental managers and then job evaluated.

[s.40]

Programme Manager (on behalf of the Remodelling Project Team)

2 June 2008

Annex A

Project plan

Programme Board: Andrew Walker (Chair and senior supplier), John Borley (Senior User), John Collins (Quality Assurance, user), Sally Marshall (Quality Assurance, supplier).

Programme Secretary: TBC

Programme Manager: Harun Musho'd (Acting Programme Manager pending long term appointment through internal competition)

Programme support: As Programme Secretary above and Elaine Sloan

	Business Benefits	Management	HR	Finance	Commercial		General programme and communication
					Recruitment	Other	and communication
Project managers	James Robertson		Heather Bryson	Chris Ridley	[s.40]	Commercial Director TBC in short term	[s.40]
Project team	[s.40] (subject to line management agreement)	Guidance: [s.40] and consultancy support (to advise on drafting and presentation). Needs Finance. H&S and Diversity input.	[s.40] (for activity analysis) Further resources to be agreed	[s.40] (for activity analysis) Further resources to be agreed.	Andrew Walker John Borley HRM&D	[s.40]	Programme Support [s.40] (document management)

	Business Benefits	Management	HR	Finance	Commercial Recruitment	Commercial Other	General programme and communication
By 30 June	Agree approach on defining measurable or observable business benefits for each strand (management, HR, Finance)	 1st draft Management responsibilities and standards Set up focus groups (senior management, 1st line managers, non- managers) 	used				 Programme board meeting before 19 June to agree Programme Initiation Document and project plan. MB meeting 19 June. HRG, BPG TUS meeting 19 June Set up intranet site
By 31 July	Consultation: MB, senior managers, management focus groups, TUS	 1st focus group meetings to consider draft management responsibilities and standards Procure consultancy support for drafting management guidance 	Activity analysis: Conspent on current tasks Complete Senior HR manager internal trawls and appoint candidates (Note: Filling Posts process is unlikely to be relevant, but will be used if it is)	nplete capture of time	Complete all part of recruitment process up to and including interviews	 Define approach with procurement managers and Programme Board (HM) Agree detailed project plan with HM 	 Programme Board meeting early July HRG, BPG, MB 2x TUS meetings Post draft documentation (ongoing)

	Business Benefits	Management	HR	Finance	Commercial Recruitment	Commercial Other	General programme and communication
By 31 August	Complete 1st draft business benefits criteria Consult HR, Finance and procurement managers on draft business benefits criteria	Identify HR and Finance policies and processes that need changing to support line managers. Start drafting management guidance and amending Resource Framework Define role of transition team to support line managers in 1st year.	External recruitment for unfilled senior HR manager posts commences (likely for at least one role)		All preappointment checks completed Appointment and start date confirmed		

	Business Benefits	Management	HR	Finance	Commercial Recruitment	Commercial Other	General programme and communication
By 3 October (end of recess)	Complete 2nd draft business benefits criteria	 Finalise and publish Management responsibilities and standards. Redefine HR and Finance policies and processes in draft. 	finance usi responsibilities outcome of activi Define HR and including transi managers during following switch responsibilities). Define matrix in practices Define Heads of the design of the desi	and standards and ty analysis. d Finance structures tion team (to help a transitional period to new management management working		Define matrix management working practices Define Heads of profession role Define training needs for matrix management and Head of Profession roles	Consult HR and finance teams? Consult TUS? Write article in InHouse?
by 17 October	Consult managerial focus groups and TUS on 2 nd draft business benefits criteria			nd Finance structures Finance structures			Meetings with HR and Finance staff and managers, senior managers and TUS

	Business Benefits	Management	HR	Finance	Commercial Recruitment	Commercial Other	General programme and communication
By 31 October	3 rd draft business hopofite gritoria	Consult on draft new HR and finance policies (likely to	Deliver learning inter- Professions	ventions for Heads of			Programme board meeting early October
	benefits criteriaConsult managers and	continue into November).	Define and evaluate other HR roles (both	Define and evaluate Senior Finance			MB and 2 nd tier group meetings
	TUS on business benefits criteria	'	permanent and transition team)	Manager roles			2x TUS meetings 3 x LM workshops on new HR and Finance
	Denents Citiena	Consider training need		1 - 1 1 1		policies and business benefits criteria	
		 Line managers to take on enhanced responsibilities HR and Finance support (both permanent and transition-based). 					InHouse article appears.
By 30 November	Final draft business benefits criteria	benefits criteria HR and Finance policies. Complete draft	for HR posts manager r ((probably through <i>Filling Filling F</i>		roles	ctor starts	Programme board meeting early November
							MB and 2 nd tier group meetings
			 Confirm and operate new HR structures including project team. 			2x TUS meetings	

	Business Benefits	Management	HR	Finance	Commercial	General programme and communication
By 23 December	 Programme Board agrees/amends business benefits criteria. Publish business benefits criteria 	Define and organise team support	training for line manag	Identify people for Finance posts ((probably through Filling Posts process – although likely to be mostly team and job matching) Confirm and operate new finance structures		Programme board meeting early December MB and 2 nd tier group meetings 1-2x TUS meetings

	Business Benefits	Management	HR	Finance	Commercial	General programme and communication
By 31 January	 Lessons learnt on Business benefits project Handover and close Business project. 		Deliver training for line managers (combine with training for new appraisal system? Note: this assumes that the only detailed immediate training requirement is for performance management). Deliver training for	 Lessons learnt on Finance project Handover and Close Finance project. 		Programme board meeting early January MB and 2 nd tier group meetings 2x TUS meetings 5 x workshops on new HR and Finance guidance Write launch articles for InHouse and email
By 28 February		Finalise and publish new line management guidance, staff handbook and Resource framework	HR transition team support			Articles appear in InHouse

	Business Benefits	Management	HR	Finance	Comm	ercial	General programme and communication
By 31 March		Deliver briefing for line managers. (Note: This assumes that everything other than performance management will be dealt with though the briefing, guidance and support).					Programme board meeting early March MB and 2 nd tier group meetings 2x TUS meetings ~10 LM briefings (organised on departmental basis)
1 April		New line management standards go live.					
by 28 February 2010		people managemReview Manage programme to en	and deliver initial ent skills ement 4 Excellence sure Performance and nent skills adequately				

	Business Benefits	Management	HR	Finance	Commo	ercial	General programme and communication		
By 31 March 2010		Lessons learnt on Management project Handover and close Management project. (New project to support line managers should have started by now).	Lessons learnt on HR project Handover and close HR project.				Programme board for closure MB and 2 nd tier group meetings 2x TUS meetings		
1 April 2010	Begin initial review of programme benefits realisation								
1 April 2011	Begin final review of p	Begin final review of programme benefits realisation							

Annex B

Summary of supplementary recommendations

- a) A Transition Team (referred to as the Implementation Team in the previous report) provides extra support during the initial period of operation of the new Management Responsibilities and Standards during the 2009/10 reporting year (paragraph 6).
- b) The activity analysis that was originally envisaged for the DIS and DR HR function should be extended to all HR teams (paragraph 7).
- c) The senior HR manager role should be combined for DIS and DR but that reporting to that role there should, for now, continue to be two separate teams (paragraph 8).
- d) The senior HR manager for DIS and DR should be managed by the Director HRM&D but could be physically based in Derby Gate (paragraph 8).
- e) An L&D protocol to be agreed that sets out how the central and departmental L&D functions would operate (paragraph 9c).
- f) the Corporate L&D team should have responsibility for authorising departments to source their own suppliers either off or on the framework having first determined that there is:
 - no existing supplier that can provide the service across the whole House.
 - ii. no wider House wide relevance to the learning intervention. (paragraph 9e)
- g) The commercial recommendations are taken forward before the new Commercial Director starts.
- h) Finance to go through a similar activity analysis exercise for Finance to ensure that it is delivering what the House requires, and to review its structure and individual roles accordingly.

Annex C

Consultation meetings

Meetings held

- 1. Separate meetings HR, Finance and Procurement staff to inform them of the outcome of the April MB discussion (3 meetings).
- 2. Individual departmental and central HR teams (6 meetings)
- 3. DCCS Finance staff and senior managers.
- 4. Senior Procurement Managers (2 meetings)
- 5. Seminars with line managers (4 meetings, 160 staff)
- 6. Management Board members, DEOs and some other senior managers (6 meetings)
- 7. TUS (3 meetings and three written responses from individual unions)
- 8. Original Project Team (2 meetings)
- 9. New Programme Team (2 meetings)
- 10. HRG (2 meetings)
- 11.BPG

(29 meetings in total)

Main points raised

HR

- As predicted by MB, HR staff had concerns about the recommendations, particularly those that sought to cut specific posts. The view of the initial HR meeting and individual team meetings was that the activity analysis that had been suggested for DIS and DR HR should be extended to all the teams, and changes to HR structures should only be made on the basis of such an analysis.
- 2. The project team explained that an activity analysis would consist of the following phases:
 - i) capturing the proportion of current time spent on particular activities
 - j) analysing the value of these activities to the organisation
 - k) determining what activities would add most value to the House
 - determining the effect on the House of stopping activities of low value.

This would then inform the structure and numbers of staff necessary in HR to operate a high value and efficient function. This framework was acceptable to most HR staff as a way forward.

3. There was general concern from both central and departmental L&D teams about the recommendations to:

- m) centralise L&D administration and procurement. The reasons for this are different depending on the perspective. Departmental teams are somewhat nervous of ceding control of certain training functions to a central team. The central team are concerned that they will simply be used to deal with training administration that departments or line managers do not want to do. However, the central L&D team felt that procurement of training did need some regulation. At present, departments often use training providers without considering the providers on the training procurement framework. Even if they used providers from that framework, different departments would get different prices for identical or similar training.
- n) discontinue the Learning and Development Group. It was felt that this group had taken forward initiatives and it would be a pity to lose it altogether. It was accepted that the original report had suggested that the Head of Corporate L&D (or the director HRM&D) could still form a group of L&D managers to perform much the same function but with a smaller membership. This was welcomed by the the central L&D team and accepted with qualification from the departments.

Finance

4. The general feedback was to get on with implementation. DCCS Finance had concerns due to the recommendation in the main report to reduce that team to a single post. The project team suggested that this team might usefully take part in an activity analysis exercise which was welcomed. The Director FMD and the Project Manager for the Business Benefits strand both thought it would be a profitable activity to extend the activity analysis to all areas.

Commercial

5. The message from procurement staff was to welcome the recommendations as far as they went and to get on with implementation. In the original report it had been envisaged that implementation of the Commercial recommendations would start withy the recruitment of a Commercial Director. The feeling of procurement staff was that the other recommendations (e.g. particularly the agreeing of a commercial protocol, and possibly the physical restructuring) should occur sooner.

Line managers

- 6. There were mixed views, but tending to cautious support of the recommendations to increase responsibilities and improve support for line managers. There was widespread recognition that the changes proposed would result in a big culture change in some departments and it was important to ensure that this was introduced correctly even if it took time.
- 7. The most common concern was over ensuring consistency of decision making. Quite a lot of managers and the TUS were worried that pushing decision making to line managers would worsen consistency. To mitigate that, it was generally felt that guidance would need strengthening and that

- HR had a role in monitoring consistency. To do so also meant that record keeping might need to improve.
- 8. The second concern was over capability of managers to take on new responsibilities. There is a consensus that much work needs to be done to improve guidance, focus HR support and offer some line managers training.
- 9. The third concern was over the capacity for managers to take on extra work raised. This was particularly an issue raised by DIS managers and catering managers (although we pointed out to the latter group that they were already operating much of what was being proposed for the rest of the House). Counter points often made were that this was extra responsibility not necessarily extra work, and that managing priorities, workloads and time should mitigate against this risk.
- 10. the fourth point was about defining the level of line management that was responsible for making particular decisions. The three common examples were dismissal, career breaks and operation of harassment and bullying policy.
 - o) It was generally accepted that decisions on dismissal could not be taken by the direct line manager (reporting officer) and might need to be reserved to a minimum level in pay band terms.
 - p) There was some debate over whether reporting officers should be able to make decisions on career breaks when this would affect the work of a larger team, not all of whom were managed by the same reporting officer. The project team pointed out that any line management decision must take into account the operational effects of a decision, but it was accepted that in the case of career breaks, the policy and procedure might need to be reviewed.
 - q) There was disquiet about the operation of the latter stages of the harassment and bullying policies being moved from the DEO. It was accepted by the project team that the person complained about most often was the reporting officer and often the countersigning officer, but felt that the complaint should still be dealt with further up the line management chain rather than by the DEO or by HR (HR, would of course still be advising). However, this did not appear to gain acceptance by line managers or by the Diversity Manager.
- 11.A number of catering managers pointed out that the concept of the line manager being the reporting officer was not as well defined in catering where the role of line managers and supervisors were more blurred.
- 12. Timescale. There were mixed views on whether 1 April completion achievable but tending towards a longer timescale, perhaps with standards defined and support (e.g. guidance written, training devised, HR teams restructured) by 1 April 2009, but move to new standards and delivery of training after that date. Other suggestions were to stagger the introduction of the management standards, and to avoid introducing them during the ASR period.

TUS

- 13. All four unions made similar points but there overall views were different. FDA gave cautious support, whereas PCS and Prospect were generally opposed to the proposals. The broad points made by the unions were:
 - a) Acceptance by FDA of giving line managers the opportunity to take more decisions rather than referring them elsewhere. Prospect accepted that some line managers would welcome this, but felt that the administration involved would put most of them off (we pointed out that administration would not necessarily move from HR). PCS were opposed to line managers making decisions that DEOs currently make. They felt that DEOs were more likely to be impartial.
 - b) requirement for good HR support, and strengthened procedures including standardised paperwork (the career break procedures were, again, given as an example).
 - c) line managers would need to be better trained.
 - d) concerns over consistency. There was some acceptance that improved guidance and monitoring might mitigate this point, but most unions still thought consistency would be a problem.
 - e) concerns over capacity from some unions. They did not accept that taking on more responsibility did not mean taking on more work.
 - f) concerns that senior managers would not back up the decisions taken by more junior managers, particularly in ETs.
 - g) doubts about moving any L&D administration to the centre. It was felt that this would add a layer of bureaucracy to L&D practices.
 - h) Prospect thought the merged DIS/DR HR team should be based in DIS.
 - PCS were further opposed to any cuts in HR numbers, and did not accept the benchmark reasoning in the report, saying that it was not an appropriate comparison given the diverse nature of the House's work.
 - j) All three unions felt that there had been insufficient consultation with managers and staff. PCS went further and said, consultation was generally inadequate.