

MANAGEMENT BOARD

Department of Human Resources and Change:

Departmental purpose and structure

Paper from the Director General Resources

Purpose

1. This paper sets out a purpose and structure for the new Department of Human Resources and Change.

Action for the Board

2. Most of this paper is for information only. However, there are areas where the Board is invited to agree a proposal or consider options. These decision areas are clearly indicated.
3. In particular Management Board is invited to agree:
 - **That the overall purpose of the Department of Human Resources and Change (DHR&C) is to support the House service in managing people and change and, provide strategic oversight to both areas**
 - **central management of HR Business Partners (departmental Head of HR and possibly their deputies) but leave them embedded in their departments as now.**
 - **central management and co-location of departmental operational HR teams, including Learning and Development, in the Department of Human Resources and Change.**
 - **The creation of a Change Team to:**
 - **support change programmes in the House;**
 - **take a strategic overview of the House's programmes and major projects, in partnership with the Parliamentary Estates Board (PEB) and PICT Advisory Board (PICTAB);**
 - **provide the Management Board with regular reports on progress and risks arising from interdependencies between these programmes and projects;**
 - **provide change management expertise in methods of delivering our strategic objectives.**

Consultation

4. There has been extensive consultation with:
 - Management Board colleagues and senior managers in the Department of Resources and elsewhere in the House.
 - Trade unions and staff in the Department of Resources.

5. The outcome of the consultation was reported to the Management Board in December (MB2010.P.122).

Purpose of the Department of Human Resources and Change (DHRC).

6. Following consultation we have sought to clarify the purpose of the Department. A workshop, facilitated by PA Consulting was particularly helpful in helping to define a small number of options in our approach to change. It was attended by senior colleagues from the Transition Project Steering Group and the Savings Programme Board.

7. There are three major options in the areas of managing people and change:

- a) a leadership role.
- b) a supporting and expertise role
- c) a supporting, expertise and strategic oversight role

I believe that all three options would present an opportunity to improve our performance in those areas across the House service.

Option a) is the optimum in terms of managing our savings programme. This would require a significant and early shift in culture, but the House service may not yet be ready to accept this approach.

Option b) is the most comfortable in terms of cultural acceptance, but still would leave the area of people and change management unfocussed. In terms of people management, a version of this approach was implemented during the *Remodelling Management Programme*, and although it achieved some success, it has not yet brought all the changes in practice or benefits hoped for. It will be difficult to manage the reduction in staff and other savings with such a diffuse approach.

Option c) gives some corporate responsibility and oversight to the management of people and change.

8. **I therefore propose that the purpose of DHR&C is to provide the House service with a supporting, expert and strategic oversight role in the areas of managing people and change.**

What does this mean in practice?

9. I intend to structure the department into three directorates, all of which will be substantially remodelled. It has become clear to me that the current HRM&D management workload is too large (the Director of HRM&D is also of that view) and needed to be split. Separating Operations from Capability is the cleanest option and adding these other responsibilities provides a team for those services. The new structure will be:

- a) **HR Operations** – to include Pay and Reward, Resourcing (including workforce planning and recruitment), Diversity, SHWS and Departmental HR business partners (see paragraphs 12-13) and the Policies, Procedures and Practices programme (HR-PPP).

- b) **Capability.** This team will provide developmental HR services to the House. It will include: Learning and Development to support talent management and succession planning and, the enabling functionality from the HAIS Renewal programme. The directorate's main focus will be on improving management strength. Learning and Development capability across the House would be addressed and remodelled, for a more corporate approach, in line with Internal Audit's recommendations.

Shared services for the two departments will also be managed in this directorate, i.e. the current Business Management Directorate (excluding departmental HR). Corporate functions, including IRIS and a small team for the remaining Member Services, will be brigaded in this directorate.

- c) **Change.** This will be a small team providing services in three main areas which are described below. These would be established initially for a three year period to ensure that the function adds value to the House service and supports the Savings Programme. It is expected that its Director would need specialist skills and expertise to ensure its credibility:

- i. Change Management Support on a consultative basis, i.e. how change could work but not leading change programmes. This would support consistent working methods and provide a central point for developing change management expertise and skills.
- ii. Implement portfolio oversight across the organisation to inform the Management Board, in particular, and provide explicit assurance of the organisation's change commitment. This was strongly supported at the workshop mentioned in paragraph 6.

Currently there is no strategic oversight or assurance across all of the major projects in the House. Individual projects are generally well governed and oversight of building and IT project/programme activity is respectively considered by the PEB and the PICTAB. There is programme oversight of interdependencies between Estates and IT projects through those mechanisms. There is, however, a gap in assessing risks, advising on priorities (to inform debate) and providing assurance that interdependencies between other major change programmes and Estates or ICT programmes are addressed.

The aim is to develop a function within this team that can, with PEB and PICTAB, provide an overview of all interdependencies and risks. The intention is to look at good practice in PICT and Estates for organisational models and processes that could be used here.

- iii. Organisational design service: expertise in methods of delivering our strategic objectives – helping us to understand how we could work differently to deliver benefits and providing coaching to project and programme managers in change management best practice.

10. The heads of HR Operations, Capability and Change teams are key roles and will be led by a director at SCS level. I will provide overall strategic leadership with assistance from these directors and their teams:
 - a) HR Operations – workforce, resourcing and reward strategies
 - b) Capability – Development and Capability strategies
 - c) Change – Organisational Development strategies
11. I have considered whether we could manage with two rather than three SCS posts. A number of factors persuade me that it will require three:
 - a) HR Operations and Change Team roles are pivotal roles that require SCS level leadership over the next few years.
 - b) The Capability Team also requires focussed and strategic leadership if it is to make any headway. Moving those responsibilities to the Change or HR Operations team would introduce (or reintroduce) the overload issues (paragraph 9).
 - c) Moreover, although I rejected the concept of a Corporate and Member Services Team in principle, that still leaves a number of responsibilities that have to be managed, particularly in relation to Member services and shared support services between this department and the Department of Finance. Without resorting to a fourth senior manager, I instead concluded that the best option is that the Capability Team should include these responsibilities. That adds to the job weight of the role of managing this team.
12. I have also revisited the issue of central management of departmental HR resources (including Learning and Development) . The current model of delegated HR teams works reasonably well and one of the successes of the *Remodelling Management Programme* has been to encourage HR practitioners to work more closely together and corporately. Any further scope for savings will only emerge through streamlining processes that are carried out at department level when they could more usefully carried out corporately (casework on disciplinary, performance and absence management issues are a case in point).
13. I will not reiterate the rationale from previous reports to the Management Board¹ except that the opportunity to streamline services and save money in any area should not be lightly dismissed. That said, I understand the requirement to have an embedded HR presence in departments and suggest that even if a central HR management model is agreed the current departmental Heads of HR (and key colleagues) should remain in situ, according to business needs. These HR Business partners, working with the centre as now, would ensure that departments received the necessary level of service, whilst giving further scope for streamlining services. This recognises that day to day, operational, HR needs a very strong focus owing to the current and ongoing levels of demand on those services.

¹ For example MB2010.P.122 DR Transition Project: Update and early recommendations
MB2010.P.73 Saving Programme: review of corporate services
Report on the Implementation of the Tebbit Review Recommendations; Paper by the External Board Member; 2010.P.04

14. To effect these changes **I therefore propose:**
- a) **central management of HR Business Partners but leave them (and possibly their deputies) embedded in their departments as now.**
 - b) **central management and collocation the departmental HR teams (including Learning and Development), below the departmental Head of HR level, in the Department of Human Resource and Change.**
 - c) **the creation of a Change Team to:**
 - i. **support major change programmes in the House**
 - ii. **take an strategic overview of the House's major programmes and projects and provide the Management Board with regular reports on progress and risks arising out of interdependencies between these programmes and projects**
 - iii. **provide change management expertise in methods of delivering our strategic objectives.**

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