

MANAGEMENT BOARD

FINANCE, HR & PROCUREMENT

Note by the Director General of Resources

Purpose

This note seeks the Board's agreement to implementing the [s.40] report's proposals to remodel finance, HR and procurement across the House.

Decisions for the Board

2. The main decisions are:
 - should a modified “business partner model” be introduced for finance and HR?
 - Should procurement and commercial contract management expertise be centralised in DR?
 - Should the proposed staff reductions (in HR) be made in the long run, and should such reduction be achieved through redeployment and natural staff turnover?
 - Should each department appoint a senior business manager (dubbed “Resources Director” in the report) to sit on a small executive group chaired by me to oversee management and administrative issue (HRG, BPG and their subgroups would be abolished)?
 - Does the Board agree that I should appoint an implementation team as outlined in the report?

Background

3. [s.40] has led a multidisciplinary, cross-House team to take the most radical look at finance, HR and procurement that has been carried out in recent years, taking on board the principles set out in Tebbit. The team and the Steering Group (myself, Robert Rogers and Sue Harrison) have all signed up to the proposals. I am grateful to everyone who has contributed. [s.40] and his team are to be commended on a clear and well-focused report.

Issues

4. The main issues are set out above.
5. Other issues:

5.1 If the Board agree the report, not everyone affected will be happy. The HR community in particular have worked positively to help implement Tebbit, but may feel let down by the proposal to reduce their number and turn them into a more cohesive House-wide team. This will need careful handling; but I do not think we should fail to grasp the nettle on that account. The TUS will also need careful handling.

5.2 The Audit Committee has recently expressed the view that it wanted procurement professionals to take more direct responsibility for procurement exercises. The review team came to a different view, and a compromise is proposed in paragraphs 9 and 10. My own view is that, given a long history of non-cooperation, there is a case for giving the proposed new Commercial Director power to direct where necessary (eg to secure legal compliance or to achieve aggregation where that would yield a corporate benefit). However, the norm would be that managers would remain responsible for procurement in their areas.

5.3 A key recommendation involves line managers developing greater competence and confidence in handling issues hitherto managed by DEOs. This will require further training for many managers. I also recommend that, if the Board agrees to go ahead with IiP re-accreditation, it is focused specifically to tackle this challenge (see separate paper).

Conclusion

6. The Board's endorsement of the proposed way forward is sought.

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Director General of Resources

April 2008

**Remodelling
HR, Finance
and
Procurement
in the
House of Commons**

[s.40]

9 April 2008

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EXECUTIVE SUMMARY

The Review of Management and Services of the House of Commons (commonly called the Tebbit report) made a number of recommendations about various professional management support functions. This review looks in more detail at how those about human resources, finance and procurement can be implemented. The review looks at both the professional structures and the governance arrangements.

Procurement

The main findings are that two procurement organisations have evolved both of which provide services that are valuable to those who use them. However, as there are two services, it is difficult for the House's senior management, in particular the Clerk of the House as Accounting Officer, to receive an assurance that the House's procurement activities are legally compliant or delivering good value for money. Furthermore, neither service is used as systematically as it should be. The central recommendation, then, is to unify the two procurement functions under more senior leadership. We also make recommendations about this leadership role, and a framework in which it should be able to operate so that the service is properly used.

Human Resources

As the Tebbit report pointed out, there is a high level of satisfaction amongst staff of the House. The major issues for human resource function are that it is considered to be over-resourced and a function that Tebbit found to be somewhat fragmented. We make recommendations that should help Human Resources focus more on strategic and corporate objectives, achieve better efficiency and define a set of management standards for line managers.

Finance

Similarly with finance, there is a need for the function to operate more corporately. However, there was a consensus that the structure itself needed to change less than for the other two functions, other than to rationalise in both the Department of Chamber and Committee Services and the Department of Facilities. The recommendations deal with both points.

Governance

We have recommended that the Departmental Establishments and Departmental Finance Officer roles are combined; that the Human Resource and Finance second tier groups are replaced by a single group; and that the third tier groups (except Procurement Practitioners Group) are abolished in their current format.

Implementation

This set of recommendations mean a net reduction in resource in the long term, but in the short term we recommend that the resource is used to implement part of the other recommendations, particularly those in relation to supporting line managers to develop their level of competence.

1. INTRODUCTION

- 1.1. This report considers how Human Resources (HR), Finance and Procurement functions should be structured in the House of Commons and to consider the governance arrangements for all three functions.
- 1.2. At its February meeting, the Management Board (MB) asked individual Director-Generals to take forward implementation of the recommendations in the Tebbit report that were relevant to their own areas. The DG Resources set up this project team, a project board and agreed the following terms of reference..

Terms of reference

- 1.3. To review the organisation of the House's HR, Finance and Procurement functions and make proposals to meet the following aims:
 - To enable Finance and Procurement to improve the assurances it can give to the Accounting Officer
 - To enable HR to:
 - focus more on meeting corporate and strategic objectives
 - operate more efficiently
 - to enable line managers to take greater responsibility for management processes that are currently actually, or perceived to be, the responsibility of HR.
 - For HR and Finance, to operate under:
 - the line management of senior departmental management
 - professional management of the senior professionals in the Department of Resources (DR)
 - for Procurement to operate:
 - as one professional team, managed by a more senior professional in DR, but with one or more professionals embedded in the Department of Facilities (DF).
 - with procurement activities operated by other staff in departments.
- 1.4. To consider the governance arrangements, including the role of Departmental Establishment and Finance Officers, and second tier and other groups.
- 1.5. To consult stakeholders, prior to making recommendations, including:
 - Management Board members and other senior managers,
 - Heads of each profession
 - affected staffing in each function

- trade unions
- 1.6. To take into account best practice in relation to each function.
- 1.7. To make recommendations for change to:
- the Project Board by 31 March 2008.
 - MB in time for its April meeting.

Where appropriate, recommendations should include an implementation plan and costings.

Background

- 1.8. The Tebbit review recommended that:
- for Finance and Procurement, controls and assurances to the Accounting Officer be strengthened
 - additionally, for Procurement, to continue to move beyond ensuring compliance to advising on value for money.
 - for HR:
 - more emphasis on corporate and strategic objectives, and
 - efficiency be improved; and
 - moving more responsibility for management processes from both HR to line managers, and from departmental HR to central HR.
- 1.9. In December 2007, MB agreed that HR and Finance would be:
- matrix managed by both the relevant new departments and the DG Resources. Line management would be undertaken by the relevant department. Professional leadership would be by the senior professionals based in DR.
 - changes to support this system would be in place by January 2009.
- 1.10. MB agreed that there should be one professional procurement service:
- bringing together professionals in DR and DF.
 - headed by a more senior director
- Procurement activities undertaken by other staff should remain in departments. The DGs Resources and Facilities later agreed that the Procurement service would be part of DR but with one or more procurement professionals embedded in DF.
- 1.11. In February, the Human Resource Group (HRG) agreed a framework for the project:
- initial proposals for change should be made by Easter 2008 in time for consideration by HRG and MB in April.

- the future of Departmental Establishment Officers (DEO), Departmental Finance Officers (DFO) and the second tie4 groups should be considered during May and June. Subsequently, the Project Board (see below) felt that the Project Team had gathered sufficient evidence to make governance proposals as part of the initial proposals.

Project team

| | | |
|----------------------------|--------|---------------------------------------|
| Project Manager | [s.40] | Head of HRM (DR) |
| HR representative | [s.40] | HR Manager (DCCS) |
| Finance representative | [s.40] | Business Manager (DIS) |
| Procurement representative | [s.40] | Procurement Manager (DF) |
| Business representatives | [s.40] | Deliverer of the Vote (DCCS) |
| | [s.40] | CRS Business Development Manager (DF) |
| Project support | [s.40] | HR Officer (DR) |

Project board

| | |
|---------------|-------------|
| Andrew Walker | Chair |
| Robert Rogers | Senior User |
| Sue Harrison | Senior User |

Project approach

- 1.12. The project team interviewed MB members, Heads of Profession and other key managers either individually or in groups. A list of people interviewed is in Annex F.
- 1.13. MB members and other managers were asked to define their understanding of each function, what they wanted from it and how they thought it should change in terms of structure and operation.
- 1.14. Heads of Profession were asked to define the purpose of their professional function; how it helped the House in terms of improving performance and ensuring legal compliance; how it was currently structured; and how it should change.

- 1.15. The project team also held three workshops for HR, Finance and Procurement staff. A broad set of emerging recommendations were put to each group. They were asked to set out their concerns, ideas and questions on flipcharts. These were discussed and each group was given an exercise to prioritise the main points.

2. COMMON THEMES

Scope of roles

- 2.1. During interviews, particularly those with the Heads of Profession, there emerged a broad view of a division between professional support and management activity.

| Professionals | Managers |
|---|--|
| Procurement: <ul style="list-style-type: none"> • policy and compliance • advice and guidance • activity (active involvement in high value, high risk or otherwise sensitive) | Procure goods, services and works and manage contracts |
| Finance: <ul style="list-style-type: none"> • policy and compliance • advice and guidance • activity (prepare financial and management accounts, carry out debtor and cash management) | Manage budgets |
| Human Resources: <ul style="list-style-type: none"> • policy and compliance • advice and guidance • activities (recruitment, reward, training) | Manage people |

Breaking down barriers between centre and departments

- 2.2. Most of those interviewed either suggested or agreed that splitting professional structures between central and departmental, and operational and policy, created unnecessary barriers. It was preferable to see professional functions as a whole providing services to:
- the House as a whole, usually in terms of advising senior managers on strategy and policy, and giving assurances on compliance and value for money, but also on some operational issues.
 - departments and individual managers but with more focus on operational and day-to-day issues.

- 2.3. The recommendations for the individual professional structures, therefore, will suggest that strategy and policymaking should spread throughout each structure. Professional staff throughout the organisation are to be more closely involved in formulating policy and strategy regardless if their line management sits within the department or the centre.
- 2.4. It was generally recognised that it is the duty of professionals to ensure the House acts in compliance with the law within their sphere of expertise. However, the consistent message from MB members and other managers is that, apart from ensuring compliance, the role of professionals was to advise managers, not instruct them.
- 2.5. Heads of Profession agreed with the recommendation that Tebbit made that they should be given more control over the deployment, professional development and performance of staff within their profession (it should be noted, however, that Tebbit only made that explicit recommendation for Finance staff). Managers either agreed or expressed no strong view.

3. FINANCE

Current organisation

- 3.1. The central Finance organisation is led by the DG Resources who acts as Director of Finance (referred to as the “Principal Finance Officer” in Civil Service parlance). He is assisted by the Director of Financial Management who heads FMD in DR and acts as Head of Profession for Finance. FMD is the central Finance structure comprising of teams for Management Accounting, Financial Accounting, Cash Accounting and Debtor Management.
- 3.2. Each of the four departments of the House has one or more Finance sections of varying complexity, ranging from DF with two finance teams, one covering a trading fund operation for catering and retail, and another for Estates - the single biggest and most complex area of expenditure for the House - and Accommodation. At the other end of the range, DR’s Finance staff and that for the Department of Information Services (DIS) each consist of one person who spends part of their time on Finance.
- 3.3. The organisation of the DF finance team covering Estates and Accommodation (and currently also the Finance for some of the contracts in Department of Chamber and Committee Services (DCCS) controlled by the Serjeant at Arms) requires further examination. It is headed by a Head of the Serjeant’s Finance Unit and consists of four parts – management accounting, FP4 (invoice processing and project accounting) contracts and performance management and a procurement team. During the course of the review most of FP4 (invoice processing) moved from the Serjeant’s Finance Unit to DR.

Interviews

- 3.4. Tebbit made two recommendations that are relevant to this review. The first, to strengthen FMD by recruiting a management accountant. We understand that a decision has yet to be taken about implementing this recommendation (but we do not intend to revisit this issue). The second was to give the DG Resources and his senior staff more control over the performance, professional development and deployment of finance staff throughout the House. That view was shared by the Director FMD and supported by managers. The view was also supported by Finance staff but they asked the project team to consider further how that might work given that the term “finance staff” was not well defined, and could include staff who were not wholly or even mainly engaged on Finance work.
- 3.5. The Director FMD felt that for Finance the current organisation was generally sound. Changes he felt were needed were:
 - to establish one unified Finance structure with one overall professional manager with overall responsibility for Finance

within each department. This would mean some consolidation in DCCS and DF. For DF there would, however probably continue to be a need for two discrete teams to deal with the very different needs of Estates and Catering.

- The old Serjeant's Finance Unit in DF would need some adjustment in organisation following both the splitting off of the Serjeant at Arms to join DCCS and the reunification of Estates within DF.
 - He was also in favour of combining Finance roles in DF and DIS to provide a single full time equivalent post. However, this found less favour with senior departmental managers, than a similar suggestion for HR (see paragraphs 4.11 and 4.25).
- 3.6. The Director FMD also thought that the Finance Manager in each Department should be professionally competent, although not necessarily a qualified accountant. Qualifications were only essential for his own role, the senior management and financial accounting posts in FMD and for the senior Finance Manager in DF, as this last role was of a higher level of complexity than other departmental Finance roles. For other departments, a formal qualification was not essential, although staff, particularly those in FMD, should be encouraged to work towards qualification.

Department of Facilities and the "Serjeant's Finance Unit"

- 3.7. The situation in DF is indeed more complex than elsewhere in the House. The project team spoke to the new Director General of Facilities, the Director of Catering and Retail Services (CRS) (who had been acting DG Facilities until very recently), the Parliamentary Director of Estates, and the Head of the old Serjeant's Finance Unit. The DG Facilities said his preferred solution was that there should be one Finance organisation within his department that sat outside the Catering and Estates and was responsible directly to him. However, below the departmental Head of Finance there was a need for two discrete teams encompassing the old Serjeant's Finance Unit for Estates and Accommodation, and the old RD Finance section for Catering and Retail.
- 3.8. The Director CRS and the Parliamentary Director of Estates agreed. The former otherwise felt that the Finance operation for CRS fit for purpose. The latter thought that the Finance operation supporting Estates was also fit for purpose except in relation to the provision of management information to help him manage the Estates programme, which he thought needed further development.
- 3.9. The Head of the old Serjeant's Finance Unit was also generally content with the operation of his unit, but agreed that the provision of management information to the Parliamentary Director of Estates and Estates managers needed to be developed. He suggested that the part of the Estates Secretariat that was directly involved in

finance, including the Head of the Secretariat, should transfer from Estates to his team. This resource could develop the management information support required for Estates. He agreed that the Procurement team and the Contracts and Performance Manager should transfer to the procurement organisation in DR.

House-wide financial policy making

- 3.10. The Director FMD suggested that financial policy-making should be extended beyond FMD with Finance Managers in departments having a defined responsibility for particular areas of Finance policy, particularly where this contributed to particular operational issues within their department. The Director FMD would manage and coordinate the policy efforts and in this way discharge part of his Head of Profession role.

Recommendations

3.11. **We recommend that:**

- i.* **Finance staff should be considered to include staff in FMD, any departmental staff engaged full time in Finance work or the sole financial practitioner in the department (as in DIS and DR).**
- ii.* **For:**
 - **DF there should be one overall Finance Manager managing the existing two teams covering CRS and Estates/Accommodation.**
 - **DCCS there should be one Finance manager to support the operation of DCCS including Vote Office and the Serjeant at Arms.**
 - **IS and DR, we do not recommend any change to the singleton roles in those departments**
- iii.* **The following posts should be held only by individuals with appropriate accountancy qualifications:**
 - **Director of FMD**
 - **Senior Finance Manager in DF**
 - **the senior Management and Financial Accountant posts in FMD**

However, other finance staff should, of course, be encouraged to work towards qualification to improve their skill levels and provide for some basis for succession planning.

- iv.* **The DF Finance team should:**

- import the current Estates Secretariat (except the Contracts Lettings Manager role). This team should support the DF Finance Manager to develop Management Information for use by the Parliamentary Director of Estates and Estates managers.
 - export the DF Procurement team and Contracts and Performance Manager to the Procurement Directorate (see formal recommendation in paragraph 5.11xix).
- v. **Finance Managers in FMD and departments are each responsible to the Director FMD for defined areas of House-wide Finance policy making.**
- vi. **The Director FMD is responsible for:**
- **managing and coordinating Finance policy making across the House on behalf of the DG Resources**
 - **the professional development of all Finance staff in the House.**
 - **coordinating moves of Finance staff within the finance function, but only following consultation with the appropriate departmental senior managers and affected staff.**
 - **development of managers in the House on financial skills such as budgeting, budget monitoring and forecasting**

4. HUMAN RESOURCES

Current organisation

- 4.1. The central HR organisation is led by the DG Resources who acts as Director of Human Resources (referred to as the “Principal Establishment Officer” in Civil Service parlance). He is assisted by the Director of Human Resource Management and Development (Director HRM&D) who heads HRM&D in DR and acts as Head of Profession for Human Resources. HRM&D is the central human resources structure comprising of teams for learning and development, pay policy and integrated HR policy and recruitment teams. Recently, the HR policy and recruitment teams temporarily reorganised into a large recruitment team and a small HR policy and communications team to cover two management vacancies within the team.
- 4.2. The corporate Learning team within HRM&D consists of the Head of Corporate Learning and Development Manager (around 50% FTE¹), a Learning and Development Manager, a HAIS Learning Co-ordinator and a Career Adviser and a Learning Administrator (also 50% FTE²).
- 4.3. A separate review, about recruitment processes has recently recommended that most recruitment operation should be carried out by a specialist recruitment team within HRM&D.
- 4.4. Each of the four departments of the House has a HR team. These vary in complexity albeit with less variation than in Finance. The most straightforward departmental team is in DR and consists of the DEO, who is a professional HR manager and three HR Officers.
- 4.5. The biggest is in DF. This is led by their DEO, also a professional HR manager, and consists of the HR teams from the old Refreshment Department and the old Serjeant at Arms Department. The former provide HR services for catering and retail managers and staff; the latter, HR services to Estates and Accommodation.
- 4.6. In DCCS, the HR team reports to the DEO. The Learning and Development (L&D) team reports to a Departmental Training Officer. There is also a separate:
 - Departmental Training Officer in Official Report who draws on the Official Report Administration section for administrative support, but has no professional support.
 - part time HR Management role in OR, currently vacant.
- 4.7. In DIS, there is a HR manager who reports to the DEO/DFO, a HR officer and a HR administrator. There is also an L&D manager who manages two trainers and an L&D administrator. This combines

¹ The remainder of the role has a responsibility for corporate diversity. This reports directly to the DG Resources and is outside the scope of this review.

² The remainder of the role is for corporate diversity.

training for Members, Members' staff and House staff on information systems, as well as departmental training requirements.

Interviews

- 4.8. Tebbit recommended that the delegated model for HR be reviewed with a view of strengthening strategic and corporate HR functions and making it more efficient. In particular, more HR functions should be moved from departmental HR to line managers or to the central HR function. This would help produce greater management and corporate skills across the House and help to reduce costs. It was generally accepted by MB members, senior managers and HR staff that HR, like Finance, should be responsible to DR for professional management both for policy and for the development of HR staff. It should be noted that the DGs in IS and DR both preferred a more centralised function in the long term.
- 4.9. The DG Resources and Director HRM&D both thought that, like Finance, HR staff in departments should be more fully involved in corporate HR policy making. Two structures have been proposed.
- 4.10. The first would involve HRM&D still leading on HR policymaking with senior HR managers being rotated between HRM&D and departments for a period of a year or so. In this way, senior HR managers would all get some responsibility for HR policymaking. It would also avoid the problem of HR managers being diverted to urgent operational issues at the expense of spending time developing important policies. However, it could cause discontinuity in the Policy Role, and the departmental HR Manager role. It would also require at least one extra post in the centre, although posts in departments might have less job weight.
- 4.11. The second is to give each departmental senior HR manager a specific policymaking responsibility. This is similar to the model proposed for Finance. The advantage of this system is that it goes further in breaking down barriers between the centre and departments, but there is a greater risk that the pressures of day-to-day operational HR might prevent strategic and corporate HR policies from being developed. However, as one DG pointed out, this was a straightforward case of being able to manage priorities on the basis of importance rather than urgency, which any competent manager should be able to manage. Indeed, the DEO in DF currently manages both an operational workload with an involvement in reward policy.
- 4.12. The DG Information Services noted the efficiency and effectiveness argument for HR services across the House to be delivered centrally, although he accepted that Management Board had already made a decision to adopt a business partner model for HR at this stage of a unified House service. The Deputy Director Resources and Director Operations in DR said they would prefer for departmental HR services for DR to be run from HRM&D. We

suggested to all three, and the DG Resources that one option might be to combine the departmental HR service for DIS and DR and run it as a discrete team within HRM&D. From the subsequent discussions, with them and other senior managers in those two departments the advantages emerged that:

- it should be more efficient to run a joint HR service for these two departments than for each to run its own dedicated HR service.
- It would also be possible to provide a more sophisticated level of service by pooling the service. For example, the expertise level of the senior HR manager role could be increased from that which currently exists in DIS. In return, the expertise level of the L&D resource could be increased for DR.

The concerns expressed were:

- nervousness that such a service would not be sufficiently responsive to each department's needs. However, it was recognised that HRM&D had previously provided a similar service to Official Report (when it was a department), which were deemed to be successful by senior managers. HRM&D is currently providing the same resource in DIS. In both cases, the person spent some time each week physically within the department. It must be said, however, that the HR administration in each was staffed from within each department.
- concern that the resource level would be insufficient for the needs of both departments. It was argued that it was critical to define the nature and scale of the task to be done before taking final decisions about the resource level.
- whether this would run counter to MB's decision to run with a business partner model for all departments. However, it was felt that this did not detract from that model, but it simply consolidated the needs of the two smallest departments. Furthermore, it could be tried on an experimental basis in the first instance.
- in the case of DIS, if the resource was physically distant it might be seen to deprive managers of HR advice and support necessary for them to become more confident in carrying out an their line management role. The counterargument was made that it might force line managers to take more responsibility for making management decisions instead of relying on HR to make them for them.
- line managers were fully stretched already and not in a position to take on extra tasks. However, this is an issue that is common to all departments. The new arrangements relate more to the proper undertaking of existing responsibilities

rather than taking on additional tasks. In any event it is not related to the idea of a joint service for DR or DIS.

- The DIS L&D function served staff in DIS, Members and staff of the House in relation to information and research related training. If DIS HR, including Learning and Development, was to be combined with that for DR, what would happen to the Member service?

4.13. The DG Facilities, Director CRS (and acting DG Facilities when initially interviewed), the Parliamentary Director of Estates, the DEO and the Catering HR Manager all agreed that the current HR set up (paragraph 4.5) worked well and was efficient. The only suggested changes were:

- to consolidate the two separate L&D functions into one.
- to provide an additional HR officer role in the catering HR team.
- to review the post that was dedicated to administering the complex 24/7 shift system in Estates. However, that would need to be looked at in conjunction with the operation of the shift system.

Benchmarking HR ratios

4.14. Tebbit took the view that the House's ratio of HR staff to all employees was too high (1:30) in comparison to the target in most organisations (1:90). It is not entirely clear how the Tebbit team arrived at either figure (accounts vary between team members and DR who say they provided the figures), or how "HR staff" are defined.

4.15. The Industrial Relations Service provides an annual survey on HR ratios. Their definition of HR staff includes training, recruitment, reward and organisational development. It explicitly excludes payroll and pensions, occupational health, health and safety, and secretarial work. On that basis, the 2008 survey³ finds that the median ratio is 1:108, but broadly ranging from 1:63 to 1:150 (in statistical terms this is the interquartile range). The House's ratio on the same basis is around 1:41 (Annex A).

4.16. There are a number of factors that point to the necessity of an HR resource that is less efficient than the median benchmark:

- The project team's perception is that an HR business partner model is likely to sacrifice efficiency for responsiveness, although we could not find any benchmark research to support or disprove that supposition.

³ IRS (2008), 'HR roles and responsibilities 2008: benchmarking the HR function', *IRS Employment Review*, Issue 888, 03/01/2008

- A higher ratio is likely to be necessary to support line managers who directly manage small teams, who will never be as used to dealing with issues such as performance, attendance or conduct issues as a routine part of their role in the same way that line managers of large teams. Although there are some managers who directly manage large teams, that was not felt by the project team to be the prevailing pattern in the House.
 - The view of a number of managers is that the House puts in much effort to consulting and communicating with staff and their representatives. This is complicated by the fact that the House has a diverse range of staff that are represented by a relatively large number of unions.
 - Although a medium sized employer, the House employs a broad range of staff and operates a complex set of terms and conditions.
 - The House operates three different pay structures, for senior staff, administrative and professional staff, and for catering staff. These involved two sets of negotiation and the administration of a pay panel.
- 4.17. Furthermore, one of the team had had experience of organisations that underreported their HR headcount to similar surveys, and advised some caution before taking the statistics at face value.
- 4.18. However, although the figures differ, Tebbit's broad point is right. The HR function is over-resourced even given the points made above. To achieve even the lower end of the benchmark range would mean losing around a net 15 posts from HR (although around three of these posts are currently vacant). To get to the median ratio would mean losing 27 posts (out of 45).
- 4.19. The same report gives a benchmark for typical role levels. In that respect the House is broadly in line with the benchmark (Annex A).

Line management responsibilities

- 4.20. The Industrial Relations Service report also gives some benchmarking information of the split between HR and line management responsibilities (Annex C). Looking at the survey for the size and sector most relevant to the House shows that broadly:
- *Performance management* is usually a joint responsibility for HR and the line manager, with more emphasis on the line manager.
 - *Learning and development* and *Staffing* (e.g. recruitment, redeployment, redundancy) is usually a joint responsibility for HR and the line manager, with more emphasis on HR.

- *Employee relations* (e.g. communication, consultation, negotiation) is usually an HR responsibility but often with a line management input.
- *Equal opportunities* is usually either an HR or joint responsibility
- *Administration* (e.g. leave, attendance records, etc) is usually a line management or joint responsibility.

4.21. We reviewed the staff handbook to consider what functions currently assigned to the DEO would be better undertaken by line managers. The results are listed in Annex D and are broadly similar to the "Management Standards" used in CRS. Most operational functions assigned to DEOs could be transferred to line managers, with the remainder transferred to departmental HR sections. There are two implications for this conclusion.

- First, in practice the guidance and training to line managers will need reviewing with a view to improving its quality.
- Secondly, the *operational* role of the DEO, other than when it is combined with the senior departmental HR manager's role, could become superfluous.

In our view, however, this does not mean that line managers will spend more time on HR activities but it will be clearer that they are responsible for managing their staff. In some cases, it will speed up and simplify decision-making by reducing the number of people involved.

Learning and development

4.22. The Director HRM&D and the Head of Corporate Learning and Diversity both took the view that the structure of the Learning and Development function in the House could be improved. The departmental Learning and Development function should be focussed on:

- proactively determining the training and development needs specific to the department. This would involve:
 - comparing skill needs to deliver departmental priorities
 - coaching individuals to find out specific developmental needs
 - collating the results of individual personal developmental plans.

The Head of Corporate Learning and Diversity felt that only the last of those three happened consistently across departments, (it must be said that departmental L&D staff did not agree).

4.23. Both the Director HRM&D and the Head of Corporate Learning and Diversity thought that departmental L&D spent too much time

administering training, often duplicating the efforts of other departments and the centre.

4.24. **We recommend that:**

- vii.* **As a principle, the House should look to develop line managers to take a more active role in fulfilling their people management responsibility. This combined with a more efficient and focused HR service should make it possible to considerably reduce the resource dedicated to HR. The House should aspire to at least come into line with the lower benchmarking ratio of 1:60 at some stage in the future.** The recommendations we make contribute to getting closer to this benchmark.
- viii.* **the role of line managers is clarified and, where necessary, changed, to a consistent model across the House.** Annex C lists the areas where line managers could take more responsibility either by transferring responsibility from the DEO or, be fully exercising the responsibility already assigned to them.
- ix.* **DCCS and DF each have one Human Resource team embedded within the departments. For:**
 - **DCCS, this organisation should report to a single senior HR manager and include:**
 - A deputy HR manager
 - An L&D manager
 - An HR officer
 - An L&D officer
 - **DF, the structure already reports to an HR Manager with two deputies with two teams. Both teams should be rationalised to:**
 - **consolidate the two L&D teams into one consisting of an L&D manager and an L&D officer.**
 - **retain each of the two HRM teams each managed by a deputy HR manager, with an HR officer and an HR administrator, to deal with the catering recruitment and the administration of the 24/7 shift system in Estates.**
- x.* **A joint HR service for DR and DIS should be considered on an experimental basis**
 - **the HR service for DR should, as on an experimental basis, be provided by a “Direct HR Services” team within DR.**

- **DIS should quickly complete an analysis of the HR and Learning and Development task required to meet the departmental need.**
 - **DIS and DR should decide whether DIS HR and Learning and Development needs can best be met from a direct HR services team managed within DR (but possibly with someone located in DIS), or from a reduced HR team managed within the department.**
 - **In any event, the combined resource for DR and DIS should be reduced to no more than five staff (excluding any DIS staff primarily providing services to Members).**
- xi.* **HRM&D should consist of four teams managed by the Director HRM&D and each headed by a senior HR manager**
- **Resourcing (including recruitment, workforce planning and management information).** The operation of the recruitment aspects of this team has been subject to a separate review, so we do not feel we should make any separate detailed recommendations. However, we do recommend that: **Any changes to the recruitment team should be on the basis of reducing the number of staff in that team.**
 - **Pay, Grading and Employee Relations.** The staffing in that team should be reviewed once the main pay band A-E review and negotiations are completed.
 - **Learning and Development (headed by a senior L&D manager).** This team should take on the responsibility for L&D administration and procurement from departments, and should **increase their complement by an L&D administrator accordingly.** This does not mean that, say, every training course has to be booked by HRM&D, but that departmental L&D staff and line managers should use suppliers nominated by the central administration.
 - **Direct HR Service (for DR and possibly DIS) and policy co-ordination.**
- xii.* **Corporate HR policy making should be an activity led by the Director HRM&D on behalf of the DG Resources, and undertaken by all HR managers, not just those based in HRM&D. Those to be led by senior HR managers in departments (including the Direct HR Service Manager) could be:**
- **Talent Management**

- Performance, absence and conduct management
 - Terms and conditions of service (including staff handbook, leave and harmonisation).
- xiii.* In terms of job weight, the corporate HR policymaking responsibility should be a formal part of senior HR managers' role, at least 40%. This does not mean that individuals will need to spend that amount of time on that part of the role, but the reporting officer should seek input from the Director HRM&D and give the appropriate weight to the policymaking role when completing an appraisal assessment .
- xiv.* The Director HRM&D is responsible for:
- managing and co-ordinating HR policymaking across the House on behalf of the DG Resources.
 - the professional development of all HR staff in the House.
 - coordinating moves of HR staff within the HR function, but only following consultation with the appropriate departmental senior managers and affected staff.

5. PROCUREMENT

Current organisation

- 5.1. The House has evolved two procurement functions, a separate contract management function, as well as varying other functions in departments.
- 5.2. The Central Procurement Office (CPO) in DR:
 - formulates policy and advises managers on procurement across the House. In practice, its involvement in estates, construction, IT or security related procurement has been minimal. Everywhere else, particularly within DR itself and in catering, the feedback by managers has been positive. CPO staff were keen to ensure that any reorganisation allowed them to contribute more widely to the House's procurement activities.
 - has begun to deliver a programme of procurement briefings to managers at various levels, which has been welcomed by managers.
- 5.3. A separate Procurement Team in DF has advised managers on security, IT and some estates and construction procurement. This team consists of a procurement manager, a procurement officer and an administrator (currently vacant). It currently reports to the Head of the old Serjeant's Finance Unit. Estates related procurement also routinely involves the Contract Lettings Manager in the Estates Directorate and sometimes his manager, the Head of the Estates Secretariat. Managers that have used this service, particularly the Serjeant at Arms and PICT, have also given positive feedback.
- 5.4. The contract and performance manager also sits in the old Serjeant's Finance Unit. Although his role was intended to advise managers on managing contracts, it has evolved into a role managing a number of high value contracts, particularly security related ones, and the Royal Mail contract. The security contracts are due to move to a new Assistant Serjeant at Arms role currently being recruited.
- 5.5. There are also discrete purchasing functions in other departments including a purchasing manager in CRS, a supplies manager in DIS and a printing manager in the Vote Office in DCCS.

Issues

- 5.6. The Contracts Lettings Manager and the Parliamentary Director of Estates told the project team that the level of procurement activity was likely to at least double for the next few years, partly as a result of the reorganisation of the Estates directorate that will help to streamline the process for approving the works programme and individual projects.

- 5.7. Although the work of the CPO and the DF procurement team has been welcomed by those who use it, neither is systematically used by managers, particularly those in Estates. As a result it is difficult for either team to be able to give the Clerk of the House any assurance that all procurement activities in the House are legally compliant or achieving optimal value for money.
- 5.8. Furthermore, it was unclear what the role of either the CPO or the procurement team in DF was supposed to be. This was a point that particularly emerged in interviews with the professional staff themselves. Managers who used the service, the professional staff themselves, and the Tebbit report, were of the initial unanimous view that procurement activities should be led by managers. It was generally agreed that this needed to be tempered by ensuring that the activity is compliant.
- 5.9. The House's Audit Committee, however, took a different view at its meeting in April 2008. The committee said that a single procurement service should *lead* procurement and be able to require compliance both on the basis of legality and to achieve overall best value for the House.
- 5.10. We believe that the view expressed by managers (and Tebbit) and that of the Audit Committee are not compatible. Our suggested compromise is that managers should be responsible for ensuring compliance and best value for the House on the basis of the policies set out by the Procurement Directorate and agreed by the Resource Managers Group (see chapter 6). The Procurement Directorate would monitor compliance with the law and the House's policies.
- 5.11. **It is recommended that:**
- xv. **Any procurement activity should be led by the manager who requires the provision of those services, goods or works being procured. They are responsible for ensuring that the procurement activity is legally compliant and in accordance with directions and policies set out by the Commercial Directorate (see below) and agreed by the Resource Directors Group.**
 - xvi. **that there is a Commercial Directorate within the Department of Resources that provides a service:**
 - **to advise and guide managers through most procurement activities and in managing contracts,**
 - **to become directly involved in procurement on the basis of:**
 - **potential value of the contract**
 - **importance of the contract in meeting the objectives of the House's objectives.**

- riskiness of the procurement (political sensitivity, security, legal compliance)
 - complexity of the procurement (e.g. likely to be difficult to find a suitable contractor)
 - experience of the manager leading the procurement
 - available resources
 - to the Accounting Officer and DG Resources in ensuring compliance and maximising value for money.
 - where direct involvement will be in a supporting capacity rather than leading, subject to the procurement activity being legally compliant and in the House's best interest.
- xvii.* the Director Commercial post that Management Board have already agreed should have extensive expertise in estates/construction procurement
- xviii.* the main stakeholders, the DGs Facilities and Resources, lead an external recruitment exercise for the Director Commercial post. The other interview panel members should include an external expert.
- xix.* The Commercial Directorate includes:
- the staff of the current Central Procurement Office
 - Procurement team and Contracts and Performance Manager from the old Serjeant's Finance Unit.
 - The Contract Lettings Manager from the Estates Directorate in DF.
- xx.* The Director Commercial should have a fairly free hand to organise this team according to his/her professional opinion. However:
- an initial organisational structure should be in place when the Director Commercial starts, consisting of three teams:
 - an operational team for Estates and construction procurement led by the Procurement Manager (Facilities) with the Contracts Lettings Manager and procurement officer (Facilities). The team should initially continue to act on other procurement that are currently the responsibility of this team
 - an operational team covering catering and all other procurement, led by either the current Director or Deputy Director of Procurement

roles (depending on which fits the new role better in terms of grading) and the majority of the current CPO roles.

- A policy team consisting of the current Contracts and Performance and Manager role and either the Director or Deputy Director of Procurement role and administrative support taken from the current CPO.
- when reviewing the structure of that team, the Director should, in particular, aim to:
 - strengthen the service to Estates Directorate
 - increase the assurance that he/she can give to the DG Resources and Accounting Officer that procurement activities within the House are compliant and achieving value for money.
 - increase the guidance and support given to contract managers in managing contracts.
 - agree a single protocol with all Management Board members that sets out how the Commercial Directorate will involve itself in the House's procurement and contract management activities (for example, when it will act indirectly through advice or guidance, or with direct support).
 - address any workload or responsibility imbalances in the team. We recognise that the initial proposed structure still carry some imbalances, in particular the fact that responsibility for the two most valuable areas of procurement, estates/construction and security, continue to sit with one team. Against that, however, is the fact that security and construction issues often feature in the same project, and the fact that the Serjeant at Arms is keen to have some continuity of procurement expertise for security. We are, therefore, reluctant to address this point in the initial structure.

xxi. **The Director Commercial should also act as Head of Profession for procurement, with responsibilities for:**

- managing and co-ordinating procurement/commercial policymaking across the House on behalf of the DG Resources
- professional development of staff in the Commercial Directorate including any staff moves.

- **developing the awareness and skills of the wider purchasing community and contract managers.** This can build on the current work that the CPO, in particular, are doing to develop managers.

6. GOVERNANCE

- 6.1. Most senior managers, including DEOs and DFOs themselves favoured abolishing the individual DEO and DFO roles, and replacing them with professional HR and Finance managers, reporting to a Resource Director who would lead on workforce and business planning.
- 6.2. The future of the three second tier groups was also questioned. Several managers have felt that HRG and BPG could be replaced by a single Resource Directors Group chaired by the DG Resources with a membership of departmental business managers and the three Heads of Profession.
- 6.3. Given that the proposed Resource Directors Group would replace the current HRG and BPG, the DG Resources felt that it was important that the managers and the Group had sufficient seniority and credibility with managers and staff. However, there was less agreement on whether the role should be full time or could be combined with another role. It seems to us that the circumstances differ in each departments and we can see no reason why individual DGs cannot determine whether the role is part-time or full time, or whether the role should be carried out by the DG themselves (as one has indicated he might) or assigned to another.
- 6.4. The third tier groups, Human Resource Practitioners Group, Learning and Development Group, and Finance Practitioners Group would also be increasingly redundant in their current format. However, the Director HRM&D (or the HR policy co-ordinator and Head of corporate Learning and Diversity) and Director FMD should hold management meetings with, respectively, the senior departmental HR (and L&D managers) and Finance managers and senior managers in FMD and HRM&D. The main purpose would be to manage the policy making process for, respectively HR (including L&D) and Finance.
- 6.5. The Procurement Practitioners Group (PPG), another third tier group, however, still had a role. Unlike HR or Finance, the proposed Procurement structure retains a more pronounced departmental and central component. Both the central practitioners (those that we recommend form the Procurement Directorate) and the departmental practitioners felt that PPG should continue. It will however, need to include an a representative from the Parliamentary Estates Directorate among its numbers and should review its terms of reference to give the group a clear direction, strengthen its good practice remit and promote compliance with the commercial protocol (paragraph 5.11xx). The DG Resources said he would reserve his position on this.
- 6.6. **We recommend that:**
 - xxii. **The DEO and DFO roles are combined into a Resource Director role that:**

- is responsible for assisting their DG put together their department's business, finance and HR plans.
- manages their department's Senior HR and Finance manager
- takes part in advising DG Resources on corporate HR, Finance and Procurement strategies and policies as part of a Resources Managers' Group.
- is sufficiently senior to have credibility amongst managers and staff in their department.
- should have experience of at least some aspect of the department's operational function, and preferably some experience in HR, Finance (or in the case of DF, procurement). We reason that procurement is a central business function in DF, but less so in other departments.

However, we are not prescribing whether the role is full time; whether or any individual DG should or should not take the role themselves; or what grading should be attached to the role.

- xxiii.* **HRG and BPG are replaced by a single Resource Directors Group chaired by the DG Resources, and comprising each departmental Resources Director and the three Heads of Profession for Finance, HR and Procurement.**
- xxiv.* **HRPG, LDG and FPG should be discontinued.** The Directors HRM&D and FMD and the Head of Corporate Learning and Diversity will no doubt wish to hold regular meetings to coordinate policy and operational issues within their respective functions.
- xxv.* **PPG should continue to operate but with the inclusion of a representative from the Parliamentary Estates Directorate. It should review its terms of reference to give the group a clear direction, strengthen its good practice remit and promote compliance with the commercial protocol (paragraph 5.11xx).**

7. IMPLEMENTATION

7.1. We recommend that:

xxvi. **The formal introduction of the line management standards across the House should be made only when the supporting infrastructure is in place. This should include:**

- **initial consultation with line managers and trade unions**
- **reviewing the Management Handbook on the intranet to ensure it includes information on each area of the line management standards.**
- **a short briefing or training section for all line managers reinforcing or explaining their role and the standard to which it should be performed.**

xxvii. **The structural changes to all three professional functions are made quickly and should be put in place during the summer recess, when day-to-day HR and Finance activities are reduced.** In the case of HR this should lead to a resource reduction of around 10 posts, and for Finance around one post (but we have not taken into account the possible recruitment of a management accountant as recommended by Tebbit – see paragraph 3.4). Management Board have promised that redundancies should be avoided wherever possible. One way of avoiding redundancies, whilst ensuring the discipline of managing the HR and Finance functions with fewer resources, and preparing the ground to introduce the enhanced line management responsibilities, is to put the balance of the resource into an implementation team with two responsibilities.

xxviii. **a project implementation team is formed which:**

- **is managed by a senior HR (or Finance) manager**
- **develops the guidance and support line managers need to take proper responsibility for managing staff**
- **act as a resource if the staffing levels in the HR or Finance structures prove to be a problem; and**
- **is subsequently managed as a flexible resource to manage other projects and provide a source from which HR and (to a lesser extent) finance staff can be transferred.**

7.2. Annex E gives an outline implementation plan. It assumes that the “filling posts” process agreed with unions for other changes will be followed to match roles to people within the affected functions.

8. BENEFITS AND EVALUATION

- 8.1. The recommendations in this report are intended to:
- contribute to the general aim of encouraging the House's staff in general, and the professional staff in particular, to:
 - be more focussed on acting in the House's corporate interests
 - achieve higher levels of performance and efficiency.

(Tebbit Executive summary, bottom of page 4)
 - allow the DG Resources, through the Directors FMD and HRM&D, to have more control over finance and HR staff in departments in terms of performance, professional development and deployment *(Tebbit paragraph 133)*.
 - strengthen the effectiveness of the House's procurement activities by putting in place a structure and protocol that gives a clearer framework in which the procurement professionals and contract managers can operate *(Tebbit paragraph 146)*.
 - allow the HR function to operate more corporately, strategically and efficiently *(Tebbit paragraph 156)*
 - to move functions from HR to line managers. This should help to improve management competences and standards across the House *(Tebbit paragraphs 151 – 153)*.
- 8.2. In staffing terms, the annual savings realised once the transitional arrangements (which have a small net cost) have worked themselves is around £300k for HR and around £50k for Finance. This needs to be offset by the cost of the Director Commercial post (up to £80k per year), although it would be hoped that improvements in procurement practices around the House, would offset at least that cost. In staffing terms the net saving is around £270k per year.
- 8.3. **We recommend that:**
- xxix.* **the changes should be evaluated to check that the expected benefits have been realised.**
- **An initial review should be conducted in the autumn 2009, with the primary aim of proposing corrections to the recommendations or their implementation.**
 - **The initial review team (whether it is the Internal Review Service or another source) and terms of reference should be agreed as part of the implementation plan.**
 - **A full review should be conducted in the autumn of 2010 to evaluate the extent to which that the changes have resulted in the above benefits.**

- The full review should make use of performance management information, that should be in place by then, to determine success criteria measurements.

9. OTHER ISSUES

Consequential issues

- 9.1. The recommendation to consolidate the HR and L&D team in DIS and DR leaves both departments with a consequential issue that will need to be addressed in the departments.
- In DR, the HR team provides the department's internal communication function. Should this be separately provided or should responsibility move to the new team?
 - In DIS, the L&D function for staff is partially integrated with the provision for information services training for Members, but from which staff also benefit. There is also an issue about whether House-wide training for staff, that goes beyond how to use information, should be delivered in DIS at all.
- 9.2. Most of the staff in the Estates Secretariat have either moved to the DF Finance Unit or to the Procurement Directorate in DR. That leaves one IT-related post. The project team do not feel it is necessarily appropriate to move that role to either Finance or Procurement, and needs to be redeployed, presumably within the Estates Directorate, elsewhere in DF or possibly in PICT.

Issues that are out of scope of this project

Business and financial planning

- 9.3. There was some dissatisfaction by managers about the organisation of the business and financial planning functions. Although it was believed that there was a regular process, more could be done to manage it so that it did not appear to be so rushed. There was also some difference in views as to whether business and financial planning were the same process or two closely linked processes. We have passed the concerns onto FMD and the Office of the Chief Executive.

Diversity Forum

- 9.4. In Chapter 6 we recommend that the third tier groups HRPG, LDG and FPG are abolished. The only reasons that we have not made a similar recommendation for the Diversity Forum is because it is out of scope and operates differently to the other third tier groups, in that it is an open discussion network.

Management information

- 9.5. A common complaint by managers at all levels was that management information (in terms of people, financial or other input and performance measures) was not felt to be sufficiently developed across the House. This, of course, echoes the findings of the Tebbit report.

*Interesting points made but not pursued*Management by junior pay bands

- 9.6. The point was made on several occasions that staff employed to manage others as a minor part of their role, often were not recruited or skilled in those aspects of the role. There was some concern by some managers, and the unions, that some managers would not be able to cope with enhanced management responsibilities. We address this point in the main body of this report. However, one senior manager made the interesting point that perhaps the solution would be to accept that it might be better to differentiate between managers and , say, experts to the extent of considering recruiting managers who might formally manage experts in more senior pay bands. Although the idea has some merit, we felt it probably ran against the culture of the House, but we thought it was worth drawing attention to the idea.

10. RECOMMENDATIONS

Finance

- i.* Finance staff should be considered to include staff in FMD, any departmental staff engaged full time in Finance work or the sole financial practitioner in the department (as in DIS and DR).
- ii.* For:
 - DF there should be one overall Finance Manager managing the existing two teams covering CRS and Estates/Accommodation.
 - DCCS there should be one Finance manager to support the operation of DCCS including Vote Office and the Serjeant at Arms.
- iii.* The following posts should be held only by individuals with appropriate accountancy qualifications:
 - Director FMD
 - Senior Finance Manager in DF
 - the senior Management and Financial Accountant posts in FMD

However, other finance staff should, of course, be encouraged to work towards qualification to improve their skill levels and provide for some basis for succession planning.
- iv.* The DF Finance team should import the current Estates Secretariat (except the Contracts Lettings Manager role). This team should support the DF Finance Manager to develop Management Information for use by the PDE and Estates managers.
- v.* Finance Managers in FMD and departments are each responsible to the Director FMD for defined areas of House-wide Finance policy making.
- vi.* The Director FMD is responsible for:
 - managing and coordinating Finance policy making across the House on behalf of the DG Resources
 - the professional development of all Finance staff in the House.
 - coordinating moves of Finance staff within the finance function, but only following consultation with the appropriate departmental senior managers and affected staff.
 - development of managers in the House on financial skills such as budgeting, budget monitoring and forecasting

Human Resources

- vii.* As a principle, the House should look to develop line managers to take a more active role in fulfilling their people management responsibility. This combined with a more efficient and focused HR service should make it possible to considerably reduce the resource dedicated to HR. The House should aspire to at least come into line with the lower benchmarking ratio of 1:60 at some stage in the future.

- viii.* the role of line managers is clarified and, where necessary, changed, to a consistent model across the House.
- ix.* DCCS and DF each have one Human Resource team embedded within the departments. For:
- DCCS, this organisation should report to a single senior HR manager and include:
 - A deputy HR manager
 - An L&D manager
 - An HR officer
 - An L&D officer
 - DF, the structure already reports to an HR Manager with two deputies with two teams. Both teams should be rationalised to:
 - consolidate the two L&D teams into one consisting of an L&D manager and an L&D officer.
 - retain each of the two HRM teams each managed by a deputy HR manager, with an HR officer and an HR administrator, to deal with the catering recruitment and the administration of the 24/7 shift system in Estates.
- x.* A joint HR service for DR and DIS should be considered on an experimental basis
- the HR service for DR should, as on an experimental basis, be provided by a “Direct HR Services” team within DR.
 - DIS should quickly complete an analysis of the HR and Learning and Development task required to meet the departmental need.
 - DIS and DR should decide whether DIS HR and Learning and Development needs can best be met from a direct HR services team managed within DR (but possibly with someone located in DIS), or from a reduced HR team managed within the department.
 - In any event, the combined resource for DR and DIS should be reduced to no more than five staff (excluding any DIS staff primarily providing services to Members).
- xi.* HRM&D should consist of four teams managed by the Director HRM&D and each headed by a senior HR manager
- Resourcing (including recruitment, workforce planning and management information). Any changes to the recruitment team should be on the basis of reducing the number of staff in that team.
 - Pay, Grading and Employee Relations. The staffing in that team should be reviewed once the main pay band A-E review and negotiations are completed.
 - Learning and Development (headed by a senior L&D manager). This team should take on the responsibility for L&D administration

and procurement from departments, and should increase their complement by an L&D administrator accordingly.

- Direct HR Service (for DR and possibly DIS) and policy co-ordination.
- xii. Corporate HR policy making should be an activity led by the Director HRM&D on behalf of the DG Resources, and undertaken by all HR managers, not just those based in HRM&D. Those to be led by senior HR managers in departments (including the Direct HR Service Manager) could be:
- Talent Management
 - Performance, absence and conduct management
 - Terms and conditions of service (including staff handbook, leave and harmonisation).
- xiii. In terms of job weight, the corporate HR policymaking responsibility should be a formal part of senior HR managers' role, at least 40%. This does not mean that individuals will need to spend that amount of time on that part of the role, but the reporting officer should seek input from the Director HRM&D and give the appropriate weight to the policymaking role when completing an appraisal assessment .
- xiv. The Director HRM&D is responsible for:
- managing and co-ordinating HR policymaking across the House on behalf of the DG Resources.
 - the professional development of all HR staff in the House.
 - coordinating moves of HR staff within the HR function, but only following consultation with the appropriate departmental senior managers and affected staff.

Procurement

- xv. Any procurement activity should be led by the manager who requires the provision of those services, goods or works being procured. They are responsible for ensuring that the procurement activity is legally compliant and in accordance with directions and policies set out by the Commercial Directorate (see below) and agreed by the Resource Directors Group.
- xvi. that there is a Commercial Directorate within the Department of Resources that provides a service:
- to advise and guide managers through most procurement activities and in managing contracts,
 - to become directly involved in procurement on the basis of:
 - potential value of the contract
 - importance of the contract in meeting the objectives of the House's objectives.
 - riskiness of the procurement (political sensitivity, security, legal compliance)

- complexity of the procurement (e.g. likely to be difficult to find a suitable contractor)
 - experience of the manager leading the procurement
 - available resources
 - to the Accounting Officer and DG Resources in ensuring compliance and maximising value for money.
 - where direct involvement will be in a supporting capacity rather than leading, subject to the procurement activity being legally compliant and in the House's best interest.
- xvii. the Director Commercial post that Management Board have already agreed should have extensive expertise in estates/construction procurement
- xviii. the main stakeholders, the DGs Facilities and Resources, lead an external recruitment exercise for the Director Commercial post. The other interview panel members should include an external expert.
- xix. The Commercial Directorate includes:
- the staff of the current Central Procurement Office
 - Procurement team and Contracts and Performance Manager from the old Serjeant's Finance Unit.
 - The Contract Lettings Manager from the Estates Directorate in DF.
- xx. The Director Commercial should have a fairly free hand to organise this team according to his/her professional opinion. However:
- an initial organisational structure should be in place when the Director Commercial starts consisting of three teams:
 - an operational team for Estates and construction procurement led by the Procurement Manager (Facilities) with the Contracts Lettings Manager and procurement officer (Facilities). The team should initially continue to act on other procurement that are currently the responsibility of this team
 - an operational team covering catering and all other procurement, led by either the current Director or Deputy Director of Procurement roles (depending on which fits the new role better in terms of grading) and the majority of the current CPO roles.
 - A policy team consisting of the current Contracts and Performance and Manager role and either the Director or Deputy Director of Procurement role and administrative support taken from the current CPO.
 - when reviewing the structure of that team, the Director should, in particular, aim to:
 - strengthen the service to Estates Directorate

- increase the assurance that he/she can give to the DG Resources and Accounting Officer that procurement activities within the House are compliant and achieving value for money.
 - increase the guidance and support given to contract managers in managing contracts.
 - agree a single protocol with all Management Board members that sets out how the Commercial Directorate will involve itself in the House's procurement and contract management activities (for example, when it will act indirectly through advice or guidance, or with direct support).
 - address any workload or responsibility imbalances in the team.
- xxi. The Director Commercial should also act as Head of Profession for procurement, with responsibilities for:
- managing and co-ordinating procurement/commercial policymaking across the House on behalf of the DG Resources
 - professional development of staff in the Commercial Directorate including any staff moves.
 - developing the awareness and skills of the wider purchasing community and contract managers.

Governance

- xxii. The DEO and DFO roles are combined into a Resources Director role that:
- is responsible for assisting their DG put together their department's business, finance and HR plans.
 - manages their department's Senior HR and Finance manager
 - takes part in advising DG Resources on corporate HR, Finance and Procurement strategies and policies as part of a Resources Managers' Group.
 - is sufficiently senior to have credibility amongst managers and staff in their department.
 - should have experience of at least some aspect of the department's operational function, and preferably some experience in HR, Finance (or in the case of DF, procurement).
- xxiii. HRG and BPG are replaced by a single Resource Directors Group chaired by the DG Resources, and comprising each departmental Resource Director and the three Heads of Profession for Finance, HR and Procurement.
- xxiv. HRPG, LDG and FPG should be discontinued.
- xxv. PPG should continue to operate but with the inclusion of a representative from the Parliamentary Estates Directorate. It should review its terms of reference to give the group a clear direction, strengthen its good practice

Implementation

- xxvi. The formal introduction of the line management standards across the House should be made only when the supporting infrastructure is in place. This should include:
- initial consultation with line managers and trade unions
 - reviewing the Management Handbook on the intranet to ensure it includes information on each area of the line management standards.
 - a short briefing or training session for all line managers reinforcing or explaining their role and the standard to which it should be performed.
- xxvii. The structural changes to all three professional functions are made quickly and should be put in place during the summer recess, when day-to-day HR and Finance activities are reduced.
- xxviii. an project implementation team is formed which:
- is managed by a senior HR (or Finance) manager
 - develops the guidance and support line managers need to take proper responsibility for managing staff
 - acts as a resource if the staffing levels in the HR or Finance structures prove to be a problem; and
 - is subsequently managed as a flexible resource to manage other projects and provide a source from which HR and (to a lesser extent) finance staff can be transferred.

Benefit and evaluation

- xxix. The changes should be evaluated to check that the expected benefits have been realised.
- An initial review should be conducted in the autumn 2009, with the primary aim of proposing corrections to the recommendations or their implementation.
 - The initial review team (whether it is IRS or another source) and terms of reference should be agreed as part of the implementation plan.
 - A full review should be conducted in the autumn of 2010 to evaluate the extent to which that the changes have resulted in the above benefits.
 - The full review should make use of performance management information, that should be in place by then, to determine success criteria measurements.

Annexes

A. HR staffing in the House (current)⁴

| | HRM&D | Facilities | Chamber and Committee Services | Information Services | Resources | Total | Ratio | Benchmark ratio |
|---|-------|------------|--------------------------------|----------------------|-----------|-------|-------|-----------------|
| <i>Director (SCS)</i> | 0.7 | | | | | 0.7 | 2% | 5% |
| <i>Manager (Band A)</i> | 1.5 | 1 | | | 1 | 4.5 | 10% | 15% |
| <i>Business partner (Band B)</i> | 4 | 2.5 | 1.6 | 1 | | 9.1 | 20% | 15% |
| <i>Specialist (Band Bs in L&D and Reward)</i> | 5.1 | 1.5 | 1 | 0.7 ⁵ | | 8.3 | 19% | 11% |
| <i>Officers (Band C)</i> | 5 | 3 | 2 | 1 | 3 | 14 | 31% | 26% |
| <i>Administrators (Band D1)</i> | 3 | 2 | 1 | 2 | | 8 | 18% | 26% |
| <i>Total</i> | 19.3 | 10 | 5.6 | 4.7 | 4 | 44.6 | | |

Staff numbers in the House: 1827 (Headcount)

HR ratio – 1:41

HR staffing in the House (proposed)³

| | HRM&D ⁶ | Facilities | Chamber and Committee Services | Information Services & Resources (in HRM&D or as separate teams) | Total | Ratio | Benchmark ratio |
|--|--------------------|------------|--------------------------------|--|-------|-------|-----------------|
| <i>Director</i> | 0.7 | 0 | 0 | 0 | 0.7 | 2% | 5% |
| <i>Manager</i> | 3.5 | 1 | 1 | 1 | 6.5 | 19% | 15% |
| <i>Business partner</i> | 1 | 2 | 1 | 1 | 5 | 15% | 15% |
| <i>Specialist (L&D and Reward)</i> | 5.1 | 1 | 1 | 1 ⁴ | 7.1 | 21% | 11% |
| <i>Officers (HR and L&D)</i> | 4 | 3 | 2 | 1 | 10 | 29% | 26% |
| <i>Administrators</i> | 3 | 2 | 0 | 1 | 5 | 15% | 26% |
| <i>Total</i> | 16.3 | 9 | 5 | 5 | 34.3 | | |

Staff numbers in the House: 1827 (Headcount)

HR ratio – 1:53

⁴ Pay band levels are given for broad comparison purpose. It is not intended to assume that each role in the proposed structure will be at a given pay band.

⁵ Excludes 2 posts in DIS which primarily deliver training to Members and their staff.

⁶ Further review of staff numbers needed in the recruitment (see Review of Recruitment Processes) and pay (following review of pay system) teams

B. Finance staffing in the House (current)

| | FMD (excluding Central Procurement Office) | Facilities (excluding Contracts or Procurement, but including Finance staff in Estates Secretariat) | Chamber and Committee Services | Information Services | Resources | Total |
|-----------------|--|---|--------------------------------------|-------------------------|-----------|-------|
| <i>Director</i> | 1 | | | | | 1 |
| <i>Band A</i> | 4.6 | 2.4 | | 0.3 | 0.4 | 7.7 |
| <i>Band B</i> | 6.4 | 5.6 | 1.5 | | | 13.5 |
| <i>Band C</i> | 5 | 5 | | | | 10 |
| <i>Band D</i> | 2 | 8 | | | | 10 |
| <i>Total</i> | 19 | 21 | 1.5 | 0.3 | 0.4 | 42.2 |

Finance staffing (proposed)

| | FMD (excluding Central Procurement Office) | Facilities (excluding Contracts or Procurement) | Chamber and Committee Services | Information Services | Resources | Total |
|---------------------------|--|--|--------------------------------------|-------------------------|-----------|-------|
| <i>Director</i> | 1 | | | | | 1 |
| <i>Band A⁷</i> | 4.6 | 2 | 1 | 0.3 | 0.4 | 8.3 |
| <i>Band B</i> | 6.4 | 5.6 | | | | 12 |
| <i>Band C</i> | 5 | 5 | | | | 10 |
| <i>Band D</i> | 2 | 8 | | | | 10 |
| <i>Total</i> | 19 | 20.6 | 1 | 0.3 | 0.4 | 41.3 |

⁷ Pay band level is given for broad comparison purpose. It is not intended to assume that each role at that level will be at a given pay band.

C. Balance of HR and line manager responsibilities

| ADMINISTRATION (EG LEAVE, ATTENDANCE RECORDS, ETC) | | |
|---|------------------------|----------------------|
| | 1000+ employees | Public sector |
| <i>HR</i> | 5.8% | 20.6% |
| <i>HR and line managers</i> | 44.2% | 38.2% |
| <i>Line managers</i> | 44.2% | 38.2% |
| <i>Outsourced</i> | 0 | 0 |
| <i>Other</i> | 5.8% | 2.9% |

| STAFFING (EG RECRUITMENT, REDEPLOYMENT, REDUNDANCY) | | |
|--|------------------------|----------------------|
| | 1000+ employees | Public sector |
| <i>HR</i> | 30.8% | 58.8% |
| <i>HR and line managers</i> | 59.6% | 35.3% |
| <i>Line managers</i> | 9.6% | 5.9% |
| <i>Outsourced</i> | 0 | 0 |
| <i>Other</i> | 0 | 0 |

| PERFORMANCE (EG APPRAISAL, PERFORMANCE MANAGEMENT, ABSENCE MANAGEMENT) | | |
|---|------------------------|----------------------|
| | 1000+ employees | Public sector |
| <i>HR</i> | 5.8% | 8.8% |
| <i>HR and line managers</i> | 53.8% | 55.9% |
| <i>Line managers</i> | 40.4% | 32.4% |
| <i>Outsourced</i> | 0 | 0 |
| <i>Other</i> | 0 | 2.9% |

| LEARNING AND DEVELOPMENT (EG TRAINING, SUCCESSION PLANNING, TALENT MANAGEMENT) | | |
|---|------------------------|----------------------|
| | 1000+ employees | Public sector |
| <i>HR</i> | 40.4% | 50.0% |
| <i>HR and line managers</i> | 46.2% | 35.3% |
| <i>Line managers</i> | 7.7% | 2.9% |
| <i>Outsourced</i> | 1.9% | 0 |
| <i>Other</i> | 4.0% | 11.8% |

| EQUAL OPPORTUNITIES | | |
|-----------------------------|------------------------|----------------------|
| | 1000+ employees | Public sector |
| <i>HR</i> | 46.2% | 35.3% |
| <i>HR and line managers</i> | 40.4% | 50.0% |
| <i>Line managers</i> | 5.8% | 2.9% |
| <i>Outsourced</i> | 0 | 0 |
| <i>Other</i> | 7.7% | 4.4% |

| EMPLOYEE RELATIONS (EG COMMUNICATION, CONSULTATION, NEGOTIATION) | | |
|---|------------------------|----------------------|
| | 1000+ employees | Public sector |
| <i>HR</i> | 55.8% | 61.8% |
| <i>HR and line managers</i> | 40.4% | 35.3% |
| <i>Line managers</i> | 3.8% | 0 |
| <i>Outsourced</i> | 0 | 0 |
| <i>Other</i> | 0 | 2.9% |

Source: IRS (2008), 'HR roles and responsibilities 2008: benchmarking the HR function', *IRS Employment Review*, Issue 888, 03/01/2008

D. Line management responsibilities

- Performance management
 - Lead on formal appraisal process (as now)
 - Leading on poor performance procedure (as now).
 - Deciding on dismissal cases - at CSO level, and only after consultation with departmental and central HR. This removes role for Head of Department or DEO until appeal.
- Attendance
 - Collecting sick absence certificate from staff and passing to dept HR (as now)
 - Agreeing rehabilitation absence (as now, but suggesting consulting HR manager, rather than insisting on consulting DEO).
 - Seeking advice from, or referring staff to, OH via HR manager (as now but excluding DEO).
 - Discussing concerns about absence levels with individual staff (as now, but instead of the DEO doing it instead, give option for manager to be accompanied by an HR manager.
 - Leading on poor attendance procedure (as now)
 - Deciding on dismissal cases - at CSO level, and only after consultation with departmental and central HR. This removes role for Head of Department or DEO until appeal.
- Conduct
 - Report conflicts of interest to line manager.
 - Reporting a crime to (*HR Manager, DG or director IRS*)
 - Advice on:
 - giving or receiving hospitality, in the first instance (as now).
 - off duty conduct, in the first instance (currently DEO or HRM&D)
 - involvement in legal proceedings in relation to official duties
 - determining on whether to lead on disciplinary proceedings (can be overridden either way by higher levels of line management chain up to DG or even Clerk).
 - Leading on disciplinary proceedings including commissioning investigations, attending searches and determining on suspension (line manager)
 - deciding on sanctions short of dismissal (CSO after consultation with departmental HR)

- deciding on dismissal (CSO but only after consultation with departmental and central HR).
- Grievance
 - Dealing with with informal and 1st formal stages of grievance unless (as now)
 - Dealing with 2nd formal stage (CSO rather than DEO)
 - If grievance is against line manager, then complaint stages should be dealt with up the line management chain rather than by HR.
- Recruitment and promotion
 - Agrees interview panel make-up (could be at CSO level) (currently DEO)
 - approve temporary promotion for up to 6 months, or 12 months to cover maternity leave (at CSO level, but subject to financial approval) (currently DEO).
- Leaving the House
 - Resignation letter to line manager, copy to dept HR Manager (currently write to DEO, copy to line manager)
 - Making recommendation to retirement panel on request to work beyond 65 (currently DEO).
 - Meeting to discuss non-renewal of temporary contract (at CSO level).
- Equality and diversity
 - Requests to work at home, for flexible working (statutory or non-statutory)
 - Giving part-time workers written reasons where they complain of unfair treatment in comparison with full time workers.
 - dealing with harassment or bullying complaints under the current process (unless the complaint is against the Line manager, but then it should normally deal with by the CSO).
- Health and safety
 - Line managers rather than DEOs should be the first point of call for staff if these are any concerns, or to report an incident
- Expenses (line manager level with lowest level of authority for approving expenditure from particular budget)
 - Authorising reimbursement of professional membership fee
 - Authorising use of a private car for official business
 - Authorising use of alternative booking methods for air travel arrangements

- approving travel claim forms
- Determining requirement to work, making exception to four mile rule for reimbursement, and exceptional use of taxi, during transport disruption (currently DEO).
- Leave
 - Determining attendance of staff if Parliament recalled (currently DEO).
 - Approving career break (should be agreed by line manager if post to be held open, senior line management - e.g. director - ,if post in team to be held open, DG if return to department is to be guaranteed, or DG Resources if return to House is guaranteed)(currently DEO).
 - Arranging return to work (currently DEO)
 - Authorising caring, parental, adoption leave, paid and unpaid special leave, time off for public duties including jury service (currently DEO)
 - Copied into notification of maternity leave sent to HRM&D (currently copy goes to dept HR).
- Leaving the House
 - Resignation letter to line manager, copy to dept HR Manager (currently write to DEO, copy to line manager)
 - Making recommendation to retirement panel on request to work beyond 65 (currently DEO).
 - Meeting to discussion non-renewal of temporary contract (at CSO level).
- First point of query on staff handbook

E. Implementation plan

| When | What | Who | Comments |
|--------------------------|---|--|---|
| Thursday 24 April 2008 | Stage 1 report approved | MB | |
| wc 28 April and wc 6 May | Inform professional staff of outcome | [s.40], functional rep, Business rep | 3 x 1 hr meetings |
| | Agree team matching | HM, Heads of profession, TUS | <ul style="list-style-type: none"> All Procurement staff FMD below Band A HRM&D recruitment, pay teams and L&D teams below Band A |
| | Draft Senior level job description templates for HR and Finance | Heads of Profession HM, [s.40] | Senior HR Manager Senior Finance Manager |
| | 1 st draft Director Commercial (DC) job description | Andrew Walker John Borley Patrick O'Riordan | |
| | Source external procurement expert from CIPS | PO | |
| | Consult managers on line management recommendations in Stage One | HM, functional rep, HR rep | 3 x 1 hr meetings |
| | Source recruitment agency for DC role | PO AJW | |
| wc 6 May | Tailor senior level HR and Finance job descriptions from templates | DGs Heads of Profession HM (not for Pay/Grading post!) DEOs, DFOs where appropriate | <ul style="list-style-type: none"> Senior HR Manager posts in DCCS, DF, IS/DR, HRM&D (Pay/Grading/employment relations, resourcing, L&D) Senior Finance Manager posts in DCCS, DF, IS, DR, FMD (Corporate Accounting, Financial Planning, Financial Controller, Systems Accountant) |
| | DIS starts analysis on their HR needs | [s.40] HM? | |
| | Consult MB members on defining and filling their Resource director role | Project team | |
| | Agree CD finalised recruitment timetable | AJW, JB, CIPS, Agency, PO | HM TP ends |
| wc 12 May | Evaluate senior Finance and HR roles | IRS HM/Heather Bryson | |
| | Hold "filling posts" workshops for affected staff and managers | HM/HB | 3 workshops (HR staff, Finance staff at B1 and above, Managers) x 2 hours each |
| | Finalise CD job description, recruitment literature, advertisement, media | AJW, JB, CIPS, Agency, PO | |
| | Book media | Agency, PO | |

| When | What | Who | Comments |
|------------------|---|---|--|
| wc 19 May | Job matching | | Likely to deal with most finance roles but only one or two HR roles |
| wc 26 May | Redeployment | | Unlikely to deal with any roles Recess, but unlikely to have any effect |
| | Paper to MB(?) on Resource Director roles and in individual departments and Resource Directors Group (RDG) | Project team? | Include: <ul style="list-style-type: none"> • how role structured • grading • how role filled (e.g. job matching, level transfer, internal competition). • TOR for RDG • Frequency of meetings? • Secretariat (OCE or DR?) |
| | CD advertisement appears | | |
| By 30 May | DIS completes analysis of their HR needs | BM, HM? | |
| wc 2 June | Open internal trawls for senior HR (and Finance?) Manager posts | HB, HRM&D | HM and MR likely to be affected |
| | DIS and DR agree nature of their HR services (joint or separate, resource levels) | AJW, John Pullinger | |
| | Last HRG and BPG? | | |
| Friday 13 June | internal trawls close | | HM on leave 13-16 June |
| wc 16 June | Shortlisting for internal trawls | AJW, HB, [s.40]? (and Chris Ridley if there are any finance posts) | |
| Thursday 19 June | CD recruitment closing date | | |
| wc 23 June | HR manager interviews (and Finance manager interviews if required) | AJW, HB, BM?, CR? | |
| wc 30 June | Successful HR manager candidates notified. | | |
| Friday 4 July | Agency completes long list | Agency | |
| wc 7 July | Define remaining HR role templates: Deputy HR manager, L&D manager, L&D officer, HR officer, HR administrator | HB TBC (successful senior HR managers) | |
| | First RDG meeting? | AJW, Resource Directors | |
| | Shortlisting meeting | AJW, JB, CIPS, Agency, PO | |
| wc 14 July | Tailor individual HR job descriptions from | Senior HR Managers | |

| When | What | Who | Comments |
|----------------------|---------------------------------------|-------------------------------|---|
| | templates | | |
| | Psychometric testing | PO, HRM&D | |
| wc 21 July | Evaluate HR jobs | IRS, Pay/Grading Manager | |
| | Interviews | AJW, JB, CIPS, Agency, HRM&D | |
| | Board report finalised | AJW | |
| wc 28 July | Job matching | HB and two senior HR managers | |
| Fri 8 August | Pre-appointment enquiries completed | HRM&D | |
| wcs 4, 11, 19 August | Redeployment | HB and two senior HR managers | 3 weeks given to cope with leave during recess. |
| wc 1 September | New HR and Finance structures go live | HB and CR lead | |
| | Transitional team goes live | | <ul style="list-style-type: none"> Start Project to review and improve guidance to managers. |
| Early November | CD starts | | Latest appointment – assuming notice period is three months. |
| | New Procurement structure goes live | | Earlier, if CD starts earlier. |

F. List of people seen during the project

| | |
|-----------------------|---|
| Management Board | John Borley, Douglas Millar, John Pullinger, Andrew Walker, Sue Harrison |
| Heads of Profession | Heather Bryson, Chris Ridley, [s.40] |
| DEOs | Helen Irwin, [s.40] |
| DFOs | Robert Rogers, [s.40] |
| Senior Managers | Mel Barlex, Terry Bird, Rob Clements, Paul Evans, Elizabeth Honer, Jill Pay, Paul Silk, Bob Twigger, Aileen Walker, Vivian Widgery, Edward Wood |
| Procurement users | [s.40], |
| Groups | HR, Finance and Procurement staff PPG, HRG |
| Staff representatives | TUS (four meetings, so far) |