

# 4

## RESOURCES & ORGANISATION

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INTRODUCTION

INTRODUCTION

**4.1** The Corporate Services and Development Directorate (CSD) of the Treasury, headed by Hilary Douglas, takes lead responsibility for ensuring that the Treasury has the resources and facilities it needs to deliver on its policy objectives. The Department aims to be an organization with professional management, professional people and professional tools.

**4.2** The 2000 SR set out eight service delivery agreement targets for the CSD in 2001-2004. In addition the 1998 CSR set fifteen targets for the 1999-2002 period all of which were renewed for 2001-04.

**4.2** The Treasury programme for the broader modernization of the department, entitled "Change in the Treasury," has eight management themes:

**Professional Management**

- securing the necessary resources and using them efficiently;
- managing people and business effectively;
- better two-way communication with staff and with the outside world.

**Professional People**

- developing our skills to meet our changing needs;
- achieving a dramatic improvement in the diversity of people who work here;
- building a Treasury where everyone is treated with decency and respect.

**Professional Tools**

- using information effectively;
- preparing the new office for the Treasury and preparing the Treasury for its new office.

Civil Service reform and Modernization of Government are central to many of these themes.

**PERFORMANCE AGAINST SDA TARGETS**

**4.2** Table 4.1 below sets out progress in the past year against CSD's eight SR 2000 SDA targets.

TABLE 4.1: PROGRESS AGAINST KEY SR 2000 SDA TARGETS<sup>1</sup>

Spending Review 2000 SDA Targets	Progress
E1.1: Retain Investors in People accreditation that was achieved in December 1999.	<b>Met</b>  Retained in July 2001
E1.2: Create an inclusive culture in which diversity is valued and different views are actively sought and listened to.  E1.2(a) Contribute to civil service diversity by ensuring that by 2004-05:  34% of Senior Civil Service (SCS) are women  25% of Directors and above are women	The Treasury has an action plan in place focused on meeting these targets  E1.2(a) Diversity target for women  <b>On going</b>  The Treasury is making progress towards meeting its diversity target for female members of staff especially at the levels just below the SCS. We hope that this will soon feed through to the SCS itself (see paragraph 4.37 – 4.39). By January 2002, 12% of directors and above and 18.3% of the SCS were women.
E1.2(b) Contribute to civil service diversity by ensuring that by 2004-05:  3.2% of SCS are people from minority ethnic groups  3% of SCS are people with disabilities.	E1.2(b) Diversity target for staff with disabilities and from minority ethnic groups  <b>On going. By January 2002, 1.1% of the SCS were from minority ethnic groups</b>  On going. By January 2002, 1.1% of the SCS were staff with disabilities. These targets remain challenging, given that in a small department one or two departures/appointments can have a disproportionate impact on percentages.

Spending Review 2000 SDA Targets	Progress
<p>E1.3: Bring in talent by using open competition wherever possible and by increasing inward secondments and loans.</p>	<p><b>Met ongoing</b></p> <p>Around 160 Treasury staff are on loan or secondment from other organizations, 30% of all new entrants were seconded or loaned into HM Treasury and 60% of new SCS members were new entrants or were seconded or loaned to HMT. In, 2001, 28 recruitment schemes were advertised using open competition. A total of 212 staff were recruited. Of these 47.5% were women, 14.5% from minority ethnic groups and 1.8% were people with disabilities</p>
<p>E1.4: Bring on talent by providing good quality training and development opportunities, including outward secondments and loans</p>	<p><b>On course</b></p> <p>The Treasury runs a Development Programme that provides a structured framework of training in the Treasury's core skills and is available to everyone in the Treasury.</p> <p>The Treasury launched "PROSPECTS" a development scheme for Ranges A-C in March 2002.</p> <p>We have increased the numbers of Treasury staff working in other organizations to around 130 people</p>
<p>E1.5: Enhance leadership skills, ensuring all members of the SCS and 25% of non-SCS managers have completed 360 degree feedback by the end of 2001</p>	<p><b>On course</b></p> <p>All members of the SCS have enrolled in the 360 degree feedback process. Non-SCS managers will start in Spring 2002.</p>
<p>E1.6: Continue to improve the Treasury's business planning system by subjecting it to independent peer review in Spring 2001</p>	<p><b>Met, ongoing</b></p> <p>The peer review 's recommendations fed into Treasury's consideration of departmental strategy priorities which informed the 2002-03 business planning round.</p>
<p>E2.1: Reduce sickness absence by 0.5 day by April 2001 and 0.8 day by April 2003, measured from a 1998 baseline of 5.3 average working days absence per staff year</p>	<p><b>On course</b></p> <p>By April 2001 the average working days absence per staff year was 4.3 days</p>
<p>F1: Provide all Treasury services on line to business and the public by 2005.</p>	<p><b>On course</b></p> <p>Our services in this area relate to the provision of information. We have identified 3 such services - Publishing (including our public web site), our Public Enquiry Unit and Ministerial Correspondence. In all cases we are well on the way to meeting the targets.</p>
<p><small>1. A summary of performance against all the Treasury SDA targets is published at Annex A1(b)</small></p>	

ACHIEVEMENTS

ACHIEVEMENTS

PROFESSIONAL MANAGEMENT

Securing necessary resources

Recruitment

**4.5** The department's recruitment procedures are in accordance with the recruitment code laid down by the Civil Service Commissioners, which is based on the principles of fair and open competition and selection on merit. HM Treasury has the necessary systems in place to ensure that recruitment is based on these principles, and these systems are subject to internal checks. Our

recruitment procedures were internally and externally audited in 2001. Opportunities are advertised widely to encourage those with a range of backgrounds to apply. In the year 2001, we have recruited in the following categories.

**4.6** In 2001-02, in addition to internal promotions, the Treasury:

- Advertised an open competition to fill one SCS post. The majority of other SCS posts were filled by competitions across the civil service;
- Recruited leading policy analysts directly at Range E through an open competition;

TABLE 4.2: TREASURY RECRUITMENT BY CATEGORY

Pay range	Permanent recruitment	Fixed term recruitment	Permanent transfers/ reinstatements	Secondments*	Casual and exceptions	Total
A						
B	0	0	0	0	2*	2
C	38	2	0	0	18*	58
D	10	3	0	0	6	19
E	61#	7	1	4	12	84
SCS	20	8	1	12	5	46
	1	0	0	1	0	2
<b>TOTAL</b>	<b>135</b>	<b>20</b>	<b>2</b>	<b>17</b>	<b>42~</b>	<b>212</b>

\*1 range A and 2 range B's noted under "casual and exceptions" were recruited through new deal scheme  
 #2 of the permanent range D's were previously casuals during 2001, but secured permanent positions through open competition  
 ~Figures excludes 47 student placements, and 72 loans from elsewhere within the Civil Service in 2001  
 + includes only staff recruited from non-governmental departments

- To supplement recruitment from the Civil Service Selection Board, we ran a direct graduate recruitment programme at range D for policy analysts and economists;
- We also recruited 30 business support (administrative/secretarial) officers at range B; and
- Ran a number of other individual recruitment schemes for a

variety of specialist positions (e.g. HR, IT, Accountancy and Finance, librarians and researchers).

**4.7** From those recruited in 2001 (including secondments and loans) the proportion of women, people from minority ethnic groups and people with disabilities at each level are as follows:

TABLE 4.3: DIVERSITY OF STAFF RECRUITED IN 2001

Range	Women	Ethnic Minority	Disabled
A	33.3%	33.3%	0.0%
B	56.9%	35.4%	4.6%
C	81.0%	33.3%	0.0%
D	34.5%	6.9%	1.7%
E	39.1%	2.9%	0.0%
SCS	11.1%	0.0%	0.0%
<b>All recruits</b>	<b>43.5%</b>	<b>14.5%</b>	<b>1.8%</b>

### Interchange

**4.8** During 2000-2001, 163 staff were on loan to the Treasury and 132 were on loan or secondment outside the Treasury. Of the staff on loan or secondment out as at 1 December 2001; 109 were in the public sector (including government departments, local authorities and the voluntary sector); 8 with the private sector and 15 overseas. 8 members of the SCS were on loan or seconded to the Treasury in 2000-01.

**4.9** Incoming staff are drawn from other Government Departments, local authorities, the private sector and, foreign ministries.

### Expenditure

**4.10** Table 4.4 sets out the Treasury's resource Departmental Expenditure Limit (DEL), which shows a £27 million reduction between 2001-02 and 2002-03. This relates principally to the reduced expenditure of the Office of Government Commerce on its residual estate (see chapter 5).

**4.11** Bank Agency Payments are paid to the Bank of England to cover the costs of the services that it provides to the Treasury, to assist in maintaining sound public finances - one of the Treasury's core objectives. The services are: gilts registration; foreign exchange liability management and management of the Exchange Equalisation Account (EEA). Since SR2000, the Bank has improved its level of efficiency when providing these services, leading to a decrease in the costs incurred by the Treasury by approximately £1m per annum. It is anticipated that the overall costs of Bank Agency Payments will continue at current levels. However, the processes used by the Bank to provide these services are kept under review, and further efficiency improvements are being sought.

**4.12** Expenditure on coinage covers the costs of manufacture, storage and distribution. Some of this expenditure is offset by the scrap metal income that is generated by the return of damaged coins. Seignorage (ie the face value minus net production costs) from coin production provides the government with a valuable source of income, and amounted to about £230m in 2001/02. In addition to covering coin demand, the expenditure provides for actions to protect the integrity of coinage - for instance reward payments to police informants who provide information that leads to the prosecution of coin counterfeiting rings. These payments are a small proportion of this overall expenditure.

### Investment Strategy

**4.13** Details of Treasury's investment strategy are available at [www.hm-treasury.gov.uk/mediastore/otherfiles/522.pdf](http://www.hm-treasury.gov.uk/mediastore/otherfiles/522.pdf).

### Managing people and business effectively

**4.14** The Treasury's organisational structure is set out in chapter 2. The Treasury is managed by the Treasury Management Board (TMB). TMB is chaired by the Permanent Secretary and consists of the six Treasury Managing Directors, the Chief Executive of the Office for Government Commerce and a non-executive member Margaret Exley. The non-executive director provides input to TMB on managerial questions drawing on her experience as the Chairman in a professional services firm, an expert in change management and employee communications in the public and private sectors and as someone who has founded and grown her own business.

**TABLE 4.4: THE TREASURY'S DEPARTMENTAL EXPENDITURE LIMIT (£MILLION)**

	2001-02	2002-03
Core Treasury administration costs	73.688	85.021
Net costs of insurance regulation	3.683	0
Coinage	34.100	32.000
Payments to the Bank of England	13.095	12.682
Other current expenditure net of current receipts and unallocated provision	10.213	3.036
<b>Total Treasury</b>	<b>134.779</b>	<b>132.739</b>
Statistics Commission	1.350	1.350
Office of Government Commerce	77.648	53,062
<i>O/w administration costs</i>	<i>34.001</i>	<i>21.487</i>
Pension of MEPs	5.696	5.943
Civil List	8.902	8.902
Honours and dignities	1.086	1.016
Parliamentary bodies	1.327	0.459
<b>DEL resources</b>	<b>230.788</b>	<b>203.471</b>
<i>Of which administration costs</i>	<i>107.689</i>	<i>106.508</i>

ACHIEVEMENTS

*Investors in people*

**4.15** The Treasury's approach to managing people and business is underpinned by recognising and improving the contribution which investment in staff can make towards meeting its objectives and targets – the principles of Investors in People (IIP). Following the initial achievement of IIP accreditation in December 1999, the Treasury was successful in July 2001 in retaining the accreditation in a post-recognition review. We intend to continue the progress we have made so far so that we can maintain the IIP standards for re-accreditation in 2004.

*Motivation and Reward*

**4.16** Pay increases in the Treasury were worth an average of 4.6% in the 2001-02 financial year. The increases were largely related to performance, but the Department has also introduced an element of progression in order to move people up each pay range more quickly than in the past, and to weaken the link between seniority and pay. There are also additional non-consolidated payments, worth 1%, to reward the best performers for their high level of contribution.

**4.17** Pay for the most senior staff continues to be set within a framework which applies Civil Service wide. However, the Treasury has implemented arrangements within this which follow closely the approach adopted for other staff by using broad pay ranges which allow scope to reward people according to their contribution and pay progression arrangements linking pay strongly to performance. Aggregate pay for the SCS increased by only 2.0% in the last year due to those retiring, or otherwise leaving the Treasury, being replaced by people on promotion or recruitment at lower levels of pay.

**4.18** Table 4.5 shows the pay of Treasury staff in the Senior Civil Service as at 1 April 2001.

**4.19** The department reviewed its pay and appraisal systems in 2001, taking into account proposals stemming from the

"Modernising Government" White Paper. Changes to the system will be introduced from 1 April 2002.

*Business planning*

**4.20** The Treasury has continued to develop its business planning process to:

- provide a clearer strategic focus, including on priorities, direction and the deployment of resources;
- ensure budgets are based on business plans;
- strengthen accountability and review of progress;
- reinforce the embedding of department-wide risk management; and
- involve and engage as many staff as possible in the planning process.

**4.21** The Treasury has an Audit Committee that gives support and advice to the Department's Accounting Officers. The Audit Committee meets at least twice a year and focuses primarily on the way risks and resources are managed to achieve the Department's objectives.

**4.22** The Treasury is on track to undertake efficiency reviews within all directorates, using appropriate tools such as the European Foundation for Quality Management (EFQM) Excellence Model, by the end of 2004.

*Better two-way communication with staff and outside world*

**4.23** Communications with staff use the most appropriate medium for the message. We use our intranet for our electronic 'Message of the Day', hold presentations or workshops where face to face communication is needed, produce leaflets and news letters and operate a monthly team-briefing system. When the new building (see paragraphs 4.45- 4.47) comes into operation all of the Treasury staff will be housed on one site thereby offering enhanced opportunities to improve staff communication.

TABLE 4.5: HMT SENIOR CIVIL SERVICE PAY BANDS

Salary band	Number of staff	Salary band	Number of staff
Below £40,000	0	£70,000-£74,999	7
£40,000-£44,999	5	£75,000-£79,999	3
£45,000-£49,999	19	£80,000-£84,999	4
£50,000-£54,999	19	£85,000-£89,999	0
£55,000-£59,999	7	£90,000-£94,999	2
£60,000-£64,999	7	£95,000-£99,999	0
£65,000-£69,999	5	£100,000 & over	4

**Outward looking organization**

**4.24** The Treasury continues to attach considerable importance to advancing contacts with industry over and above those made in the normal course of business. Such visits can be useful in developing wider understanding, on both sides, of Government economic policies and their impact. A number of visits to industry have been made by Treasury officials, across all levels, under the Contacts with Industry Scheme. The public services directorate has also organized a number of visits to front line public services.

**Providing Information**

**4.25** The Treasury issued over 145 Press Notices in 2001 and held a number of Press conferences and briefings.

**4.26** The Treasury's Public Enquiry Unit (PEU) provides a one-stop service for non-media enquiries for information and publications on Treasury policy. PEU dealt with 26,383 enquiries during 2001, approximately 6,000 less than in 2000. It handled fewer telephone calls than in previous years but as in 2000-2001, the annual total included increases in the number of e-mails processed.

**4.27** The Treasury is making greater use of the Internet to offer the public direct access to policy documents, clear summaries of the Government's approach to issues, and a coherent picture of the department's role. The Treasury site ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)) - which won Best Department Website at the 2002 Government Internet Forum Awards - was re-launched in November with a new, more accessible design and a more robust technical infrastructure. During 2001 the site received on average between four and five thousand visits a day with as many as 50,000 visits on the Budget and Pre-Budget Report (PBR) days. In the hours following the Chancellor's statement on PBR day, the site delivered more than

180,000 documents to visitors to the site with no user waiting more than 10 seconds to receive a document and no reports of difficulties accessing the site.

**4.28** The Treasury received 4,039 letters, of which 3,895 were responded to by Ministers and 15,959 other items of correspondence of which 9,529 were replied to by officials on behalf of Ministers. As part D of annex table A1(b) shows the Treasury met its PSA targets for correspondence in the year to April 2001 and is on course to meet the higher targets set for the year to April 2002.

**4.29** The Treasury met its targets for replying to Parliamentary questions on time in the period from June 2001 – March 2002.

**PROFESSIONAL PEOPLE****Developing skills**

**4.30** The Treasury runs a Development Programme (TDP) to raise the level of professionalism within the Treasury by ensuring that those working in the core policy areas have a comprehensive and current knowledge and understanding of economic and financial issues affecting the UK, Europe and the rest of the world. The Programme also provides management training for people at all levels. The TDP is kept under constant review to ensure that it continues to meet the Department's needs.

**4.31** For people in the junior ranges, the Department has introduced a programme of National Vocational Qualifications (NVQs) covering administration, management and customer service. Most training is delivered by external suppliers except for induction training which is delivered internally to everyone who joins the Department.

**TABLE 4.6(a): HM TREASURY STAFF DIVERSITY<sup>1,2,3</sup>**

Grade	Women % Total	Staff from minority ethnic groups % Total	Staff with disabilities % Total
H	12.5%	0%	0%
G	11.8%	0%	0%
F	20.6%	1.5%	1.5%
E	28.0%	1.2%	3.1%
D	31.5%	7.9%	2.2%
C	50.8%	15.3%	4.2%
B	66.3%	32.6%	6.4%
A	87.0%	47.8%	21.7%
<b>Total</b>	<b>39.9%</b>	<b>12.2%</b>	<b>3.5%</b>

<sup>1</sup>. Includes all those currently working in the Department (ie it excludes loans out). Those on unpaid leave are not counted;

<sup>2</sup>. Calculated on a headcount basis

<sup>3</sup>. Counts people in their serving Range.

TABLE 4.6(b): PROGRESS TOWARDS DIVERSITY TARGETS<sup>1,2,3</sup>

Diversity Targets %	January 2000	January 2001	January 2002	target
<i>Women</i>				
Director and above	9.0	16.7	12.0	25%
SCS	19.0	18.8	18.3	34%
<i>Staff from ethnic minority groups</i>				
SCS	1.2	1.3	1.1	3.2%
<i>Staff with disabilities</i>				
SCS	3.7	2.4	1.1	3.0%

<sup>1</sup>. Includes all those currently working in the Treasury plus secondments out and people on unpaid special leave (to meet Cabinet Office definitions)

<sup>2</sup>. Calculated on a headcount basis

<sup>3</sup>. Counts people in their serving Range.

**4.32** As well as work-based training, the department also has a policy of encouraging and sponsoring further education in subjects that are relevant to the work of the Treasury. Funding is also given for professional qualifications in IT, personnel, accountancy, finance, audit and procurement. During 2001, a competence framework has been developed. This will apply to everyone in ranges D and E and will be followed in 2002 by a similar framework for people in Ranges A, B and C.

**4.33** The Department has a 360 degree feedback programme in place. All members of the SCS are required to go through the programme which involves management coaching to address the issues raised through the feedback.

**Diversity**

**4.34** The Treasury is committed to improving the diversity of its staff. Currently, as table 4.6(a) shows, female, ethnic minority and disabled staff are under represented in senior grades in the department. The Treasury has set itself diversity targets at all levels below the senior civil service. Targets for the senior civil service have been set by the Cabinet Office for the whole of Whitehall (table 4.6(b)).

**4.35** The Treasury has put in place a diversity action plan, and a cross-departmental Diversity Steering Group, chaired by a member of the Treasury Management Board, has been established to oversee progress against it. Networks representing under-represented groups (e.g Ethnic Minorities Advisory Group and the Disability Advisory Group) have been established to help ensure their interests are taken into account when management and personnel policies are formed.

**4.36** In the past year the Treasury has initiated a programme to raise awareness of diversity. 85% of all staff have had diversity awareness training and a programme of activities around diversity was held. Everyone in the SCS has been asked to set themselves a diversity objective for 2001/2.

**4.37** Out of the successful candidates at our internal Range E (Grade 7 equivalent) assessment centre, 7% were people with disabilities, 11% were from an ethnic minority background and 25% were women. This represented a significant improvement in the success rates for under-represented groups in comparison to previous years. Of the successful candidates at the Range F (SCS, Grade 5) assessment centre, nearly 50 per cent were women.

**4.38** The Treasury has also participated in a number of outreach programmes including visits and career presentations at universities, targeting minority ethnic undergraduates. We sponsored two Windsor Fellowship students and participated in the Cabinet Office Summer Development Programme (for students from a minority ethnic background) and Workable, a work experience scheme for graduates and undergraduates with a disability.

**4.39** As the number of staff in the SCS in the Treasury is relatively small, a move by one individual can make a significant change to percentages. However, the underlying picture clearly tells us that improved representation at middle management is not yet feeding through sufficiently into the senior grades.

**Treating everyone with decency and respect**

**4.40** The Treasury undertook a stress audit in 1999 and a steering group was set up to focus on developing strategies to address the results of the audit and, in particular, to ensure that all staff feel respected and valued. We have worked with management and staff to develop welfare policy and specific advice sessions to manage work life balance and stress management. We have introduced a system for recording hours worked, excess working hours have reduced and our welfare provision has been enhanced. We will continue to monitor the effectiveness of our interventions.

### Health and Safety

**4.41** The Treasury is a largely office based environment, the biggest health risk is upper limb disorders associated with VDU work. The Treasury has introduced a regularly reviewed strategy to address health concerns. 25 accidents, all of a minor nature, were recorded in the Treasury last year in line with the average over the last five years.

## PROFESSIONAL TOOLS

### Using information effectively

**4.42** The Treasury has a high quality IT infrastructure, which enables its Ministers and staff to share information easily, and communicate effectively and quickly both internally and with the outside world.

**4.43** In 2001-02, we carried out major developments to improve the business capability of our IT systems, these included:

- the complete redevelopment of the Treasury website, providing a new look-and-feel that makes it much easier for the public to find the information they need, built on computers that have the capacity to meet the surge in demand we face at Budget time, and with a new streamlined publishing process;
- increasing use of the Government Secure Intranet as the main means of publishing guidance to other government departments;
- the first stage of implementing a single web-enabled IT system that will be used by dozens of departments to produce consolidated financial accounts for the whole of government
- improvements in our key internal databases, for example our staff directory, to make up-to-date information available to everyone within the Treasury;
- the continued development of our electronic filing system, which is used across the department, and now contains over a million documents;
- a major enhancement of the business enhancement of the business continuity capability of our IT systems;
- a programme of training in a range of information handling skills, available to all Treasury staff.

**4.44** When the Treasury moves to its new building it will have access to a new high-bandwidth network that will support the department into the future. In 2002-03, we will be reviewing all

aspects of the way we currently store and manage information in preparing for Freedom of Information.

### The new office

**4.45** Following an announcement by Ministers in July 1999 the department's main building in Parliament Street is being refurbished. We can look forward to a high quality, efficient working space that: offers flexibility to meet our needs; enables us to work more collaboratively, openly and innovatively; fosters good internal and external communications and projects a modern, professional and welcoming image.

**4.46** The new accommodation, which will be ready in July 2002, is being provided under the terms of an innovative PFI deal with Exchequer Partnership plc (EP), with whom a contract was signed in August 1999. The project is the first to follow the Treasury Task Force Standard Contract Guidance, and the first where the service provider, in partnership with the department, put the debt financing out to competition after finalisation of the Project Agreement. The building is not only being delivered within budget, but the Treasury will be taking occupation a month earlier than planned under the contract.

**4.47** Under the terms of the contract, EP will provide refurbished, serviced accommodation in return for an annual payment. Payment will be on delivery and will reflect EP's ability to ensure that the accommodation remains available and that the services are provided to standard. EP must ensure that the building complies with best practice with respect to environmental standards, and that it complies fully with the Government's "green policies", particularly energy targets.

### Energy/Environment

**4.48** The Treasury is committed to achieving continual improvement in its environmental performance and pollution prevention and in supporting government objectives for sustainable development. Along with Exchequer Partners (our PFI partners for our new building) we are developing an Environmental Management System (EMS) that will be certified to ISO 14001 by the end of 2002.

### Water Conservation

**4.49** Since joining the Watermark Project, it is anticipated that this year we will achieve water savings of 15,000 cubic meters and costs savings of £18,000.

