

4

RESOURCES AND ORGANISATION

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INTRODUCTION

4.1 The Corporate Services and Development (CSD) directorate, managed by Hilary Douglas, takes lead responsibility for ensuring that the Treasury has the resources and facilities it needs to deliver its policy objectives. CSD directorate's performance against its current Service Delivery Agreement (SDA) targets is set out in Table 4.1.

4.2 A new set of SDA targets have been set in the 2002 Spending Review. These will be reported on in the next Autumn Performance Report and Departmental Report for 2003-2004. The 2002 SDA document can be accessed at <http://www.hm-treasury.gov.uk/mediastore/otherfiles/Treasury%20SDA.pdf>

TABLE 4.1: HM TREASURY PERFORMANCE AGAINST KEY SDA TARGETS

SR2000 SDA Target	Latest Outturn
E1.1 Retain Investors in People accreditation that was achieved in December 1999 and retained in July 2001.	Ongoing Working towards re-accreditation in Spring 2004.
E1.2 Create an inclusive culture in which diversity is valued and different views are actively sought and listened to.	Ongoing The Treasury actively supports and consults formally established interest groups: Diversity Steering Group, Ethnic Minorities Advisory Group, Disability Advisory Group and is initiating a Gay and Lesbian Consultative group. A management survey of all staff in the Treasury was conducted in late 2002 and detailed results and their implications are currently being analysed.
E1.2(a) Contribute to civil service diversity by ensuring that by 2004-2005: 34% of Senior Civil Service (SCS) are women; and 25% of Directors and above are women.	Ongoing By January 2003, 16% of Directors and above and 22% of the SCS were women (See Table 4.7(b)).
E1.2(b) Contribute to civil service diversity by ensuring that by 2004-2005: 3.2% of SCS are people from minority ethnic groups; and 3% of SCS are people with disabilities.	Ongoing By January 2003 1.5% of the SCS were staff from minority ethnic groups. The per cent of people in the SCS who reported disabilities was also 1.5%. These targets remain challenging, given that in a small department one or two departures/appointments can have a disproportionate impact on percentages (see Table 4.7(b)). A survey in line with revised categories for ethnic classification was carried out in 2002. The Treasury recognises that the number of staff with disabilities is higher than those who report themselves as disabled. A campaign to improve registration is actively being pursued.
E1.3 Bring in talent by using open competition wherever possible and by increasing inward secondments and loans.	Ongoing. 37% of all new entrants in 2002 were seconded or loaned into HM Treasury and 73% of new SCS members were seconded or loaned into HM Treasury. In 2002, 30 recruitment schemes were advertised using open competition. Of those recruited, seconded or loaned in the Treasury, 40.4% were women, 11.9% from minority ethnic groups, and 2.1% were people with disabilities. Notably a Managing Director and a Team Leader from outside the civil service were recruited on a permanent basis in 2002.
E1.4 Bring on talent by providing good quality training and development opportunities, including outward secondments and loans.	Ongoing. The Treasury continues to invest heavily in learning and development at all levels and has established a new programme to develop leadership and management in the SCS. It has also appointed an Interchange Manager and revised its policy to ensure interchange is more targeted at adding value to participants, and uses a wider range of partners.

SR2000 SDA Target	Latest Outturn
E1.5 Enhance leadership skills,ensuring all members of SCS and 25% of non-SCS managers have completed 360 degree feedback by the end of 2001.	Partly met. 95% of SCS members completed 360 degree feedback programme. 50 non-SCS managers going through programme. In addition, note E1.4 above.
E2.1 Reduce sickness absence by 0.5 day by April 2001 and 0.8 day by April 2003, measured from a 1998 baseline average of 5.3 working days absence per staff year.	Partly met. For the calendar year 2001 the average absence per staff year was 4.7 days.This compares to a civil service average of 9.2 days. Figures for 2002 show an increase to 5.2 days. The increase is likely to be due to improved sick absence reporting arrangements.
F1 Provide all Treasury services online to business and the public by 2005.	On course. Services in this area relate to the provision of information, specifically the work of publishing,public enquiry and ministerial correspondence units,which deal directly with the public. In all cases,the Treasury is on course to offer these services online, through email and websites, by 2005.

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4.3 During 2002-2003 the CSD directorate continued to lead the Treasury's change management programme '*Change in the Treasury*'. Embracing the central tenets of Civil Service Reform and Modernisation of Government,'Change in the Treasury' has made significant achievements towards its goals.

Recruitment procedures were internally and externally audited in 2001. Opportunities are advertised widely to encourage those with a range of backgrounds to apply. Treasury recruitment by category in the calendar year 2002-2003 is shown in Table 4.2.

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4.4 Recruitment: The department's 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.

4.5 In the calendar year 2002-2003,the Treasury:

- advertised open competitions to fill three Senior Civil Service (SCS) posts. The majority of other SCS posts were trawled across other government departments;
- recruited 16 people in 2002-2003, from it's own direct graduate recruitment programme for range D policy analysts and economists;and

TABLE 4.2:TREASURY RECRUITMENT BY CATEGORY: 2002-2003

Pay range	Permanent recruitment	Fixed term recruitment	Permanent transfers/ reinstatement	Secondments	Loans	Casual and exceptions	Total
A	1	5	0	0	0	1	7
B	14	1	0	0	7	8	30
C	9	0	0	1	6	3	19
D	38 [#]	3	0	6	26	14	87
E	16	0	0	4	14	5	39
SCS	2	0	0	4	4	1	11
TOTAL	80	9	0	15	57	32	193

[#]2 range Ds in the permanent category, were previously casuals during 2002, but secured permanent positions through open competition.

For the first time we have included in Table 4.2,loans in from elsewhere within the civil service in 2002.

Figures exclude 38 student placements during 2002.

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- ran 27 other individual recruitment schemes for a variety of specialist positions (e.g. HR, IT, librarians, accountancy and finance specialists).

4.6 These successful schemes were additional to internal promotion to meet the department's staffing needs at these levels, and will contribute to the target reductions in the number of

vacancies and long hours working, and help widen the diversity of people working in HM Treasury.

4.7 From those recruited, the proportion of women, people with disabilities, and people from ethnic minority backgrounds at each level are as follows:

TABLE 4.3: TREASURY RECRUITMENT BY GENDER, ETHNICITY & DISABILITY 2002-2003

Range	Women	People from minority ethnic background	People with disabilities
A	28.6%	57.1%	14.3%
B	63.3%	16.6%	3.3%
C	47.4%	0.0%	5.3%
D	38.0%	11.6%	0.0%
E	36.8%	5.3%	2.6%
SCS	9.1%	0.0%	0.0%
All recruits	40.4%	11.9%	2.1%

Note: 23% of these new recruits have not declared their ethnicity, and 24% have not declared whether they have a disability.

TABLE 4.4: EXCEPTIONS TO THE CIVIL SERVICE COMMISSIONERS' RECRUITMENT CODE BY CATEGORY 2002-2003

Exception Category	Range A	Range B	Range C	Range D	Range E	Senior Civil Service
Extensions of appointment of up to 12 months, to a maximum of 24 months (with reasons) ¹		1		5	1	
Extensions of short term appointments beyond the initially publicised period, including conversions to permanency (with reasons) ²	1	1	1	1		
Appointments under government programmes to assist the long-term unemployed	2					
Secondments			1	6	4	4
Extensions to secondments (with reasons) ³					2	
Re-appointment of former civil servants					1	

¹ In 5 cases (1 Range B, 3 Range D's and 1 Range E) extensions permitted because projects continued beyond expected timescale. For 2 range D's extensions permitted to allow applications for open competitions.

² Range B extension permitted as originally publicised. Range C, D and E were conversions to permanency.

³ 2 Range E extensions to secondments permitted because projects continued beyond expected timescale.

4.8 Exceptions to the Civil Service Commissioners' recruitment code by category: Table 4.4 reflects the number of occasions, within the 2002-2003 calendar year, where permitted exceptions to fair and open competition and selection on merit have been used at each level (except for appointments of up to 12 months), by category.

4.9 Interchange: During the calendar year 2002-2003, 140 staff were on loan to the Treasury and 142 were on loan or secondment from the Treasury. Further details of those seconded to the Treasury are on the HM Treasury website http://www.hm-treasury.gov.uk/about/about_secondee.cfm.

4.10 Expenditure: The Treasury's Departmental Expenditure Limit (DEL) for the financial years 2002-2003 and 2003-2004 is summarised in Table 4.5. Fuller details of expenditure in 2002-2003 will be published in the Treasury's Resource Accounts. Under Phase 2 of resource budgeting, from 2003-2004 the DEL is extended to include depreciation and a cost of capital charge. The table also shows figures for 2003-2004 on the previous budgeting basis, to enable comparison with the preceding financial year. Parliamentary approval of core Treasury administration costs for 2003-2004 will be sought in the Treasury's main estimate. In addition the core

Treasury has an accumulated administration end year flexibility stock of £15.8 million which it can call on if needed. The increase shown against 'other' reflects an increase in Treasury's Departmental unallocated provision.

4.11 The Office of Government Commerce also forms part of the Treasury's DEL and information about its activities is included in Chapter 5.

4.12 Details of the Treasury's investment strategy are available at: <http://www.hm-treasury.gov.uk>.

4.13 Sponsorship: Under guidelines published by the Cabinet Office in July 2000, government departments are required to disclose sponsorship amounts of more than £5000 in their annual Departmental Reports. For these purposes 'sponsorship' is defined as: 'the payment of a fee in kind by a company in return for the rights to a public association with an activity, item, person or property for mutual commercial benefit'. In the financial years ending 31 March 2002 and 31 March 2003 there were no occurrences of such sponsorship of HM Treasury activities.

TABLE 4.5: THE TREASURY'S DEPARTMENTAL EXPENDITURE LIMIT (£MILLION)

	2002-2003 Estimated Outturn	2003-2004 (Phase 1 Resource Budget)	2003-2004 (Phase 2 Resource Budget)
Core Treasury administration costs	92.967	88.184	103.328
Coinage	32.000	32.000	32.000
Bank of England services	12.682	12.335	12.335
Other	2.049	4.595	5.318
Total Treasury	139.698	137.114	152.981
Statistics Commission	1.350	1.350	1.350
Office of Government Commerce	68.787	32.233	38.868
O/w administration costs	33.500	36.265	39.468
Pension of MEPs	5.943	6.843	6.843
Civil List	8.902	8.259	8.259
Honours and Dignities	1.016	1.041	1.041
Parliamentary Bodies	0.753	4.070	4.070
DEL resources	226.449	190.910	213.412
of which administration costs	127.019	126.813	137.063

Phase 1 provides figures consistent with the methodology used in last year's Departmental Report. Phase 2 reflects new guidelines on presenting budget information. The difference in Phase 2 is accounted for by the absorption of items previously treated as Annually Managed Expenditure into Departmental Expenditure Limits.

TABLE 4.6: THE TREASURY SENIOR CIVIL SERVICE PAY BANDS

Salary Band	Number of staff	Salary Band	Number of staff
Below £50,000	0	£80,000 - £84,999	5
£50,001 - £54,999	25	£85,000 - £89,999	2
£55,000 - £59,999	19	£90,000 - £94,999	3
£60,000 - £64,999	5	£95,000 - £99,999	1
£65,000 - £69,999	8	£100,000 and over	4
£70,000 - £74,999	10		
£75,000 - £79,999	4		

4.14 Continuous Improvement: as part of the focus on the continuous improvement, the Permanent Secretary commissioned two special projects during the year, one on flexible management of internal resources and another on external relations. Recommendations from these reports led to the Treasury Management Board decisions towards the end of the year on the next stages of the Treasury's management change programme.

4.15 Investors in People: the Treasury recognises the contribution which investment in staff can make towards meeting its objectives and targets – the principles of Investors in People (IiP). The department has been an IiP accredited organisation since December 1999. It voluntarily sought and was re-accredited in June 2001. It will be seeking re-accreditation against that standard in Spring 2004.

4.16 Business Planning: this year's business planning for the financial year 2003-2004 continued to embed principles of good practice into the department. We focused on securing a step change in the way in which the department achieves ownership of its strategic priorities and corresponding deployment of resources.

4.17 Motivation and Reward: pay increases in the Treasury were worth an average of 4.2 per cent in the 2002-2003 financial year. The increases were largely related to performance, however, there was an element targeted at increasing the progression in the lower part of each pay range. In addition, non-consolidated payments, worth 1.25 per cent were made to high performing staff. Staff above the maximum of their range also received a consolidated percentage increase to their basic salary.

4.18 Pay for the Senior Civil Service was reviewed last year and new pay bands were introduced, which include target rates for progression and performance. This framework is civil service-wide, however, the Treasury continues to work within this to reward people for their contribution and pay progression is based on performance. Non-consolidated bonus awards of between 3 per cent and 7.5 per cent were also paid to the highest performers.

4.19 Internal communications: the department uses a variety of media for internal communications including its intranet for an electronic 'Message of the Day', hard-copy leaflets and newsletters, and a monthly team briefing system. New and consolidated office accommodation in 1 Horse Guards Road has led to an increase in face-to-face communication.

4.20 Providing information: the Treasury issued 138 press notices, in addition to Budget, Spending Review and Pre-Budget Report press notices between January-December 2002 and held a number of press conferences and briefings.

4.21 The public website (www.hm-treasury.gov.uk), won the 2002 Government Internet Forum Award for best departmental website. During 2002 the site was visited 1.6 million times with 17.3 million page views (page impressions) recorded. In 2002, the Treasury joined with Inland Revenue and HM Customs and Excise to launch the 'Red Box' website (<http://www.redbox.gov.uk>), an interactive resource intended to teach young people about tax and public spending. The site has been recommended as a resource by both the National Grid for Learning and the Virtual Teacher Centre, while also being awarded the Personal Finance Education Group's quality mark.

4.22 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 20,944 telephone and email enquiries during 2002.

4.23 During 2002-2003 the Treasury replied to 11,128 letters of which 4,602 were replied to by ministers and the remainder replied to by officials on behalf of ministers. Part D of Annex A1 (b) shows the Treasury's performance against its (SDA) targets.

4.24 The Treasury met its targets for answering Parliamentary Questions on time in the 2001-2002 parliamentary session, which ended on 7 November 2002, and is on track to do so in the 2002-2003 session which began on 13 November 2002.

PROFESSIONAL PEOPLE

4.25 Training and development: the Treasury runs a Development Programme (TDP) to raise the level of professionalism within the Treasury. This programme ensures 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 and its content is adjusted to ensure that it continues to meet the Department's needs. Most training is delivered by external suppliers except for induction and performance management training which are delivered internally.

4.26 For people in the junior ranges, the department has a programme of National Vocational Qualifications (NVQs) covering administration, management and customer service as well as a programme of training specifically tailored for people in the Business Support Specialism. In March 2002, The Treasury launched PROSPECTS, a development programme for Ranges A-C. 13 people were selected for the programme which is aimed at identifying people with the potential and motivation to progress in their careers.

4.27 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. Competence frameworks are in place for Ranges D and E and A,B and C.

4.28 The department also has a 360 degree feedback programme for all members of the SCS and line managers below the SCS and has executive coaching contracts in place.

4.29 Diversity: the Treasury continues to make progress against its diversity targets, particularly on the representation of women in the Senior Civil Service (SCS) and at Director level. Of successful candidates at the Range F assessment centre, over one third (36 per cent) were women including people who work part-time. In addition, the successful candidates at Range E (Grade 7 equivalent) assessment centre, 7 per cent were people with disabilities and 29 per cent were women.

4.30 However, it is clear that further progress in addressing representation of people from a minority ethnic background and those with disabilities is needed. Table 4.7(A) shows an under-representation of female, minority ethnic and disabled staff in senior grades in the department.

4.31 A cross-directorate Steering Group is responsible for monitoring progress against the diversity action plan and targets and consulting with staff. Key actions in the financial year 2002-2003 included:

- publication of the Treasury's Race Equality Scheme and monitoring the outcomes of its employment policies and procedures;
- continuing support to staff networks representing ethnicity and disability in order to consult on management policies that affect them and where they are found helpful;
- sponsoring Windsor Fellowship students and participated in the Cabinet Office Summer Development Programme (for students from a minority ethnic background);
- conducting a review of existing support to help people to balance their work and caring responsibilities;

TABLE 4.7(A) HM TREASURY STAFF DIVERSITY (JANUARY 2003)

Range	Women Per cent Total	People from minority ethnic background % Total	People with Disabilities
H	12.5	0	0
G	17.6	0	0
F	22.1	1.5	1.5
E	28.8	3.5	2.7
D	34.5	8.8	1.8
C	51.4	14.8	6.3
B	66.3	28.3	4.9
A	79.2	50	33.3
Total	40.9	12.0	3.9%

TABLE 4.7(B) PROGRESS TOWARDS DIVERSITY TARGETS

Diversity Targets %	January 2001	January 2002	January 2003	Target
Women				
Director and above	16.7	12.0	16.0	25.0
SCS	18.8	18.3	22.1	34.0
People from a minority ethnic background				
SCS	1.3	1.1	1.5	3.2
People with disabilities				
SCS	2.4	1.1	1.5	3.0

- the Treasury receiving a gold award in the Opportunity Now Benchmarking Survey 2002.
- joining Stonewall's Diversity Champions Scheme and hosting an event at the Treasury;
- introducing diversity objectives into the appraisal system for all staff.

4.32 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. Internal complaints procedures have been reviewed and has been piloted mediation as an alternative approach for dealing with complaints. This will be taken forward in 2003-2004, as a follow up audit to assess the effectiveness of the interventions.

4.33 Health and safety: our staff are our most important asset and in line with the Government's 'Revitalising' initiative, HM Treasury aims to achieve the highest standards of health and safety. To this end, the Managing Director, Corporate Services and Development, has been appointed by Treasury Management Board to act as 'champion' for occupational health, safety and welfare and to report progress on a regular basis.

4.34 70 minor accidents and near misses were reported. two accidents were reportable to the Health and Safety Executive. These accidents are considered largely to be a result of unfamiliar surroundings in our new offices at 1 Horse Guards Road and improved reporting standards.

To address this the department has undertaken:

- health and safety presentations to Treasury Management Board, Directorate Management Teams and whole Directorates;

- recruitment and training of 21 Team/Directorate occupational safety health and environmental assistants (OSHEAs).

PROFESSIONAL TOOLS

4.35 Information systems: the Treasury has a high quality information infrastructure, which enables its ministers and staff to share and obtain information easily, and communicate effectively and quickly both internally and with the outside world.

4.36 In the financial year 2002-2003 the business capability of the Treasury's information systems we continued to improve.

- preparation for the introduction, in April 2003, of regular web-based reporting against the new PSA targets on the Treasury website;
- implementing phase one of a system for publishing the Treasury Weekly Economic Briefings on the government-wide Knowledge Network;
- creation of a customer relations role within the Information Services team to develop a deeper understanding of the specific business needs of the business units within the Treasury and provide tailored packages of assistance to help them get maximal benefit from information and information technology in their work towards their objectives;
- providing a seamless information service to all staff during the office move with no down time;
- delivery of an entirely new telephone system and voicemail capability;
- raising awareness and preparing for the implementation of the Freedom of Information Act;

- beginning several initiatives designed to improve project management within the department including developing a project management awareness programme and beginning work to establish a project Management Centre of Excellence within the Information Services team;
- establishing a new business continuity site to ensure key Treasury operations can continue to function in the event of an incident at the main office; and
- using video-streaming technologies and making parliamentary and select committee TV facilities available to more customers.

4.37 Accommodation: the department moved into its refurbished offices in summer 2002. It now has a high quality, efficient working space that offers flexibility to meet varying needs; enables work to be more collaborative, open and innovative; fosters good internal and external communications and projects a modern, professional and welcoming image.

4.38 The new accommodation is provided under the terms of an innovative PFI deal with Exchequer Partnership plc (EP). The project was 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. The

building was delivered within budget and a month earlier than planned under the contract. In a recent staff survey some 83% of staff felt the building to be a great improvement on the old accommodation in terms of how it meets their operational needs.

4.39 Under the terms of the contract EP provide refurbished, serviced accommodation for 35 years in return for an annual payment. That payment will reflect EP's ability to ensure that accommodation remains available and that the services are provided to the required standard.

4.40 Energy and environment: EP must ensure that the building complies with best practice in environmental standards and that it fully meets the Government's 'green policies', in particular, energy targets. The Treasury remains committed to achieving continual improvement in its environmental performance and along with EP are developing an Environmental Management System (EMS) that will be certified to ISO 14001 by the summer of 2003.

4.41 Water conservation: Since joining the Watermark Project in January 2001 The Treasury has achieved water savings in excess of 16000 cubic meters, which equates to a financial saving of over £20,000. The aim is to continue the efforts to reduce water usage in the new building.