Item 1: Finance Governance in Organisational Transition  EC(10)80

1. Valerie Vaughan-Dick introduced this paper, which set out a proposed approach to transitional financial governance arrangements during the transition to the new Departmental structure.

2. Robust financial control procedures were vital in a financial year that would see a change to Director General responsibilities for the final quarter. There would also be changes in the new year to director responsibilities. It was vital that DGs and directors were aware of their ongoing and revised budgetary and management assurance responsibilities and of any risks to these.

3. ExCo discussed whether it was necessary for directors to complete year-end management assurance returns as well as DGs preparing a management assurance statement at Group level. It was argued that this comprised duplication of effort. It was also queried whether assurance statements were necessary twice a year but ExCo decided that, on balance, it was better for directors and DGs to make themselves aware of any issues whilst there was still time to address them.

4. ExCo agreed that people would continue to hold their current delegations until advised otherwise. David Buchan would be writing to DGs to advise them what their budgets would be following the restructure.

   Action: David Buchan
Item 2: Organisational Change – PB1-7 Selection Process

Introduction

2. Clare Moriarty introduced this paper, saying that it reflected the transferable lessons learned from running the SCSPB1 selection process. Whilst there was time to refine individual aspects of the decision-making process it was necessary to decide at this time:

   i) the actions required to launch the process on 15 December;
   ii) the shape of moderation, and
   iii) how to integrate the selection process with a further Voluntary Early Retirement/Voluntary Early Severance round.

3. ExCo confirmed that there would be no matching of positions prior to the main selection and allocation process.

Discussion

4. The general approach proposed followed the SCSPB1 selection. There were no specific equality issues raised with proposed selection methods, as discussed with the TU, networks and staff focus groups. The main concern of staff, TU and networks was the potential bias of individual managers.

5. One difference from the SCSPB1 selection process was that individuals would be given a 200 word, rather than a 150 word, limit to set out each of their competencies. This had been agreed at the request of the trade union side.

6. There was discussion over whether it was reasonable to expect PB1-2s to write 200 words setting out all 6 core competency areas. A simplified form was suggested enabling PB1-2s' attitude, output and teamwork to be assessed whilst still giving them the chance to express themselves. It was felt that this adjustment, along with providing workshops to support staff consider how to present competency-based evidence, would ensure that staff network and TU concerns over capability at junior levels were addressed.

7. It was agreed that there should be a more streamlined self-assessment process for PB1-2s.

   Action: Mervyn Thomas/Janet Barker

8. ExCo noted that, for PB4-5s in particular, there was a significant amount of time between the deadline for submitting their self-assessments and being notified whether or not they had been selected into the new Department. This was partly a consequence of ExCo’s previous decision to run a combined selection and allocation process for PB1-7s.

The names of non-SCS staff have been redacted in accordance with DfT’s publication policy.
9. ExCo agreed that a timetable would be made available to PB1-7s setting out in detail what would be happening each week up until notification of the results.

**Action:** Mervyn Thomas/Noel Shanahan

10. ExCo agreed that the line managers’ assessments for people whose line managers were leaving at the end of the year should be based on the reports that their current line managers were required to write prior to their departure. Each departing line manager had received a personal E-Mail from HR reminding them of this duty.

11. ExCo discussed the proposal for PB6-7s’ competency score for leadership to have a double weighting. Several PB6-7s, it was pointed out, managed few if any staff. It was also pointed out that there was a separate “People Management” competency against which all PB1-7s would be assessed. In light of this, ExCo decided that the “Leadership” competency marking would have the same weighting as the other competences.

12. One key feature of the proposed PB1-7 selection was the ‘forced ranking’ of average competence and performance scores at an earlier stage than had been the case for SCSPB1s. This would be undertaken at Group level and more than one meeting may be required for some grades in some Groups. ExCo agreed that a minimum of 20 people should be ranked at an individual meeting.

13. ExCo agreed that the number of outward DG loans and secondments should be subject to the same 25% reduction as the number of posts within DfT(c). Staff currently out on loan or secondment would be required to take part in the selection process and would be able to put down their current location as a preference.

14. There was significant discussion over a further VER/VES round. Given that Royal Assent would not be secured for the new Civil Service Compensation Scheme before mid-December, the VER/VES scheme would have to take place simultaneously with PB1-7 selection.

15. ExCo agreed that, subject to Royal Assent being secured for the new scheme, PB1-7s would be able to select VER/VES as one of their two preferences. Were they to select VER/VES as a preference, they would not be able to refuse this if offered unless their formal quote was significantly different from the one they had obtained from the ready-reckoner that would be made available along with the terms of the scheme. People would be required to confirm that they understood this when completing their self-assessments.

16. The Secretary of State had expressed his concern at losing valuable people via a VER/VES scheme. The possibility had been raised that people wanting VER or VES might simply decline to complete a self-assessment form, knowing they would automatically be de-selected and offered VER/VES terms. ExCo agreed that completion of a self-

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assessment form would be compulsory for all PB1-7s, with disciplinary procedures being instigated against those who failed to do so.

17. ExCo agreed that John Dowie would moderate the self-assessment scores of Government Office staff affiliated to DfT.

18. ExCo agreed that people who intend to retire within a short period of time would not take part in the selection process. A letter signed by the individual to this effect would be agreed prior to the application process.

19. Mervyn Thomas agreed to consider the situation of staff over the age of 60 and to come back to ExCo on this if necessary.

   **Action:** Mervyn Thomas

20. ExCo agreed to review the proposed guidance for PB1-7 self-assessment and to give any comments to Janet Barker within 24 hours.

   **Action:** ExCo members

**Conclusions**

21. ExCo agreed that:

   i) the selection and allocation of PB1-7s would follow the principles established for the SCS selection process.
   
   ii) Business continuity would be a priority at the allocation stage, with amendments to the detail of the process taking account of the lessons learnt from the SCS selection process, feedback from consultations with staff bodies including the trade union side and the specific challenges for PB1-7;
   
   iii) performance scores would be assessed by managers based on the average of assessment against two criteria: (i) performance over the last two years and (ii) wider contribution to the team and Departmental objectives;
   
   iv) both performance and competency scores would be forced ranked by moderation panels to provide information broken down into quartiles, with further sub-divisions for quartiles 3 and 4 to differentiate between candidates;
   
   v) that the word limit for each competence be increased from the 150 words allowed in the SCS process to 200 words, reflecting feedback from staff;
   
   vi) that a director be nominated from each DG Group to lead on the selection and moderation PB1-7 process in support of the DG;
   
   vii) the recommended approach for moderation within Groups and across the department, building on the learning from the SCSPB1 process – this would be developed further with the support of the lead directors. The development of the moderation process needs to take account of staff concerns about potential manager bias, and ensure that EQIA analysis at each stage forms a core part of the moderation process;
   
   viii) that the number of loans/secondments to be supported at each grade would be determined as part of the design process;

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ix) that a further voluntary exit scheme for PB1-7s would run concurrently with the PB1-7 selection process;
x) the DGs or a nominated representative would chair all or the initial meeting of the selection panels for PB6-7s;
xi) that Heads of Profession who are not directors would be formally consulted as part of the selection and allocation process;
and
xii) that further consideration would be given as to how the selection and allocation would operate for professional groups, including legal.

Item 3: Managing Risk arising from end-of-year changes

22. Clare Moriarty introduced a table setting out DfT major workstreams and commitments for December, January and early February. She had commissioned this table in light of i) Robert Devereux departing in mid-December and not being replaced until 10 January, ii) the departure of around 170 staff under VER/VES terms at the end of December and iii) the ongoing demands on staff from the Change Programme. She was keen that policy work – and progress towards Business Plan and Strategic Reform Plan commitments – continued to be tracked during this period.

23. Various workstreams were suggested for adding to the table and DGs agreed to ask their directors to send any further additions to Umran Nazir.

Action: DGs

24. It was agreed that approaches would be made to Ministers with a view to work on non-urgent policy areas, such as alternatives to travel and MOT reform, being deferred until after Easter, by which time the bulk of the organisational change programme would have been completed.

Action: DGs responsible for non-urgent policy areas

25. Noel Shanahan would work up a communications strategy for the new Permanent Secretary on her arrival, including a series of floor-walks. He would also continue to run weekly Organisational Change Q&A sessions and would set up workshops for assisting PB1-7s in completing their self-assessments.

Action: Noel Shanahan

26. Noel Shanahan also agreed to suggest to the Secretary of State that he address DfT staff to outline his vision and priorities for the Department and to listen to their ideas and concerns.

Action: Noel Shanahan

27. ExCo agreed that a stock letter should be drawn up for the new year setting out to key stakeholders the new organisational structure.

Action: Helen Morris

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Any Other Business

28. Richard Hatfield advised his fellow DGs that he would be asking them for information on Better Regulation in their area within the next three days.

Board Secretariat
13 December 2010