



The e-magazine of the UK Association of Chief Executives

REPORTER



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Fit for the future

Learning from others is an important part of what ACE is about - and this issue is full of stories of how ACE members have delivered major organisational and cultural change.

As Stephen Speed, ACE chairman, says in his contribution, being able to draw on the experiences of ACE colleagues - who have been through similar experiences - is tremendously important both in terms of personal resilience and in learning from best practice. And he's right that if ACE did not exist we would need to invent it!

It was great to have so many stories offered for this edition of the *Reporter*. This is a fantastic reflection of the ACE community's willingness to share, as well as a sign of the times: delivering sustainable change is a very real and immediate challenge for many of us.

And what stories! There are tales of transformation, including contributions from the Land Registry, the Met Office, Fera and the Serious Fraud Office who have all been working to make their organisations fit for the future. Here at Cefas, I've focused our story on just one - but very important - aspect of our cultural change: achieving a step change in health and safety.

Others have written about the difficulties

of moving offices, of changing working practices, maintaining staff morale and keeping everyone in the loop. Effective communication is critical to keeping people on board, as ACE members often stress.

I'm sure that we will take up many of these issues in our discussions at Conference at the end of November, which I know from personal experience always offers a valuable time to discuss, share and learn together.

Our Conference is themed around *Implementation: from Policy into Practice*. This theme is drawn from the Prime Minister making it clear at a Civil Service event in May that Implementation is one of his top three priorities for the coalition government. The Conference will explore the ways in which ACE can emphasise the part that we have to play in this process.



I hope to see you there,

Guest Editor
Richard Judge
CEX Cefas

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Developing talent **Secondments, job swaps and mentoring are all part of a new accelerated development programme launched by Ordnance Survey to develop its own pool of talented people able to take up future senior technical roles.**

The new programme will help bypass the recruitment restrictions that place pressure on internal resources and external recruitment for critical roles, if authorised at all, that involve a lengthy lead-in time, both for the recruitment process, itself, and for the new recruit to move up the organisational learning curve.

The programme, known as Vista, aims to build the breadth and depth of capability for senior technical roles by focusing on growing internal capability. Nicole Perry, Head of Stakeholder Engagement, said: "Many of the key roles needed in the future will require a deep knowledge of Ordnance Survey, its data assets and how the business operates in the market place.

"These insights take time to develop and it can be difficult to hire people to fill these roles. The Board therefore decided to accelerate the development of more people from within the organisation. The Vista programme is a result of that commitment."

With an intended programme intake every 12 months or so, Vista is run via an application process that assesses people on their development potential, aspirations and current performance. The first intake saw almost 100 applications from which 23 were taken forward for further assessment and some eight people joined the 2011 programme.

Participants work with mentors to help them identify their aspirations, potential career paths and long and short term development needs. They then have the opportunity to tailor their own journey through the programme to build up their technical, commercial, strategic awareness and leadership skills, as well as their specialist knowledge.

Secondments, projects and job swaps play a major part in each participant's development, helping them gain practical knowledge and experience. Vista offers more traditional options, too, like training courses, e-learning modules and networking events. The programme is tailored to each participant's needs – they choose their own path. The organisation is now planning for its second intake.

New debt legislation **A 'payment holiday' from debt payments has been introduced in Scotland as part of ground-breaking legislation that gives people the time they need to pay off debts. The payment holiday, unique to the redesigned Scottish Debt Arrangement Scheme (DAS), allows people who experience an 'income shock' a period of respite.**

The scheme has been extended to allow people with single debts to apply and couples who have joint liability for debt to apply jointly. Significantly, too, the Accountant in Bankruptcy has taken over responsibility for the ongoing administration of DAS cases.

Rosemary Winter-Scott, The Accountant in Bankruptcy & Agency CEX, said: "The

outcome of redesigning DAS is ground-breaking legislation that delivers a scheme fit for the 21st century. It has created real public value and delivered benefits to individuals and money advisers in the free and private sectors, creditors, payments distributor organisations and Government.

"Through DAS, the Scottish Government is supporting wider society and the economy, by ensuring that individuals in need have access to debt management options and creditors are repaid what they are owed."

DAS is a statutory debt management scheme that has been available since 2004 but a recent review found access to the scheme patchy, creditor awareness and engagement in the scheme low and money advisers who said the ongoing administration of cases was too onerous. Scottish Ministers committed to launch a new, improved DAS on 1 July 2011 - and AiB staff had a challenging project on their hands!

Winter-Scott said: "Alongside the development of complex regulations, six work streams were progressed to deliver a state of the art web-portal, allowing secure access by money advisers, creditors and other relevant parties, a new website and publications offering easy access to sources of advice, information and guidance and a training programme for all those involved. There was also a tendering exercise involved for the appointment of a panel of payment distributors.

"On top of these requirements, the new scheme had to be self funding to meet AiB's

overall aim of achieving full cost recovery. Because of the target customer for DAS, this couldn't be through a simple up-front re-charge and has instead been achieved through the regulations enabling the recovery of fees at the point of payment distribution."

Resolving disputes

The average cost of resolving workplace disputes has just got a whole lot cheaper and quicker, thanks to a new Pre-Claim Conciliation (PCC) process put into practice by Acas.

The PCC service, introduced in April 2009 following the Michael Gibbons review in 2007, is offered to callers to the Acas Helpline who are involved in potential Employment Tribunal claims. It differs from traditional Acas activity because it actively seeks out appropriate cases and promotes the service to both employees and employers.

If disputes can be identified before a formal claim is lodged, and the parties can be persuaded to conciliate at that stage, a significant proportion of potential claims will not enter the Tribunal system, generating resource savings to employers, employees and the taxpayer.

An evaluation of its first two years has found PCC less time consuming. Employees spend, on average, about seven days on an Employment Tribunal claim compared with about six hours on a PCC case. For employers, it went down from five days to about one day.

The average cost of resolving a claim

through PCC for employers is just under £500 compared with an average cost of just over £5,500 for an employment tribunal claim. For employees, the average cost of resolving a PCC case is £78 compared with almost £3,000 for dealing with an employment tribunal claim.

Acas Chief Executive John Taylor said: "This has been a fascinating journey for Acas which looks likely to continue. This January the Government launched a further consultation on Resolving Workplace Disputes, which has suggested that in future all claims might come to Acas before they can be lodged with the Employment Tribunal.

"If implemented this development will enable Acas to build on the success of Pre-Claim Conciliation, and make further valuable savings of both money and time for employers, employees and the taxpayer."

Cutting costs and crime

The Metropolitan Police Force's record on cutting crime is well known but it also needs to demonstrate how it is saving money across all the services it provides.

The Metropolitan Police Service spends £850 million per year on a diverse range of goods and services from police cars and body armour to facilities management and uniforms. Since 2006, procurement processes have been streamlined into a compliant contract landscape that has helped deliver annual savings of £50m. A further £10m has been saved on Olympic projects.

In 2011 the Service won the Mayor of

London's Green Procurement Awards Best in Public Sector Award and was accredited to the highest professional level, CIPS Gold Standard.

Anne McMeel, Director of Resources said: "Officers and staff across the Met have been working hard to make savings while maintaining operational capability. This work has focused on areas such as estates, vehicles, contracts and changing and modernising how we deliver service to Londoners. Savings of £124 million were made last year as we managed more than 60 change programmes."

Borough policing is another area that has seen changes. The Territorial Policing Development Programme was established in January 2010 as a five year programme to find ways of reshaping and improving borough policing to make it more cost effective while delivering excellent local services for people who live, visit and work in London.

The programme is implementing a new Crime Recording and Investigation Bureau that will see all current borough-based telephone investigation and specific crime management functions centralised into a pan-London unit. New models of response policing are being trialled across London that will put resources in the right place at the right time.

The Transforming HR programme PeopleServices, which was launched in 2010, has cut costs by £15m a year and introduced a centralised HR service that is accessible 24 hours a day, 365 days a year.

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Tales of transformation from three agencies

Should we stay or should we go? Like other NDPBs, the Criminal Cases Review Commission has had to rethink its office provision because of the decision to reduce the leasing of property in the private sector by public bodies. It has now moved from three floors of an office block on the edge of Birmingham city centre to a new building in the city centre.

The challenge, said CEX Claire Bassett, was that the option with the least cost to the Ministry of Justice - to remain on two floors of its existing premises and renegotiate the remaining leases - would require a business case (or Lease Moratorium Exception Report – LMER) to be made to the Cabinet Office, whereas moving to a vacant government site would not require a business case and would be cost neutral to the MoJ in terms of rent but would incur up to £800k in dilapidations and move costs.

Moving to the vacant office would be a saving to the departments paying rent on vacant space but there was no mechanism for this saving in one ministry to offset cost in another. "This was a very difficult decision to get through the MoJ," said Bassett. "We had very little likelihood of making a successful business case to Cabinet Office, given the overall potential saving to Treasury but, eventually, and with considerable assistance from the MoJ Estates team, MoJ agreed to

fund the dilapidations and move costs.

"This part of the process was extremely difficult as delays meant we came closer to the deadline for issuing notice on our existing premises. The lease was held directly by the Commission and it was our responsibility to issue the notice, a decision the CCRC Board was not able to make until assurances were in place regarding the exit costs, which could otherwise not be met.

"We were one of the first to go through the approval process and, although we were given considerable support by the Estates team, we were kept at arm's length by the procurement board and had to rely on

others representing us. That was frustrating, especially when understanding the separate and independent nature of ALBs was limited."

One of the biggest cultural changes for the organisation has been moving to open plan offices. "There was considerable anxiety," Bassett said, "within the organisation about this and the potential impact. In response, we created a move project board involving staff, produced a newsletter Moving News which kept people up-to-date and explained what was happening and why, and opened an outlook discussion forum where people could raise queries or concerns and see the answers, which was very popular."



Open for business: CCRC chair Richard Foster with CCRC CEX Claire Bassett (left) and Brenda Pugh HR and Facilities Manager in the new Birmingham office

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The Independent Police Complaints Commission, too, has had to rethink its office provision. The net result is that office space in the IPCC's offices in Manchester and Cardiff has been increased to allow some posts to be moved out of London. A new Customer Contact Centre will be based in Manchester and the Finance team is relocating to Cardiff. It is likely any new posts created will be based in either Manchester or Cardiff.

IPCC's CEX Jane Furniss said: "Our aim is to have the most appropriate office estate and the best technology available to serve the frontline investigations and casework functions to ensure the public can have confidence in the police complaints system."

The IPCC has taken the difficult decision to consult staff about a proposal to close its office in the Midlands (Coalville, near Loughborough), in part, says Furniss, because of financial pressures and because of the IPCC's determination to prioritise expenditure on frontline posts.

Some staff will be offered the option of home working, based on the success of a remote working pilot, which showed that with the appropriate equipment staff are able to work from home, particularly if they use desktop machines rather than laptops. It has not yet been determined how widely home working will be rolled out but it is likely that it will be an option in offices where hot-desking is required.

The decision to close the Coalville office means the organisation needs to be able to accommodate staff from this office who choose to make Wakefield their normal place of work – making it the first IPCC office where hot-desking will be introduced.

Natural England (NE) has reduced its carbon emissions by 50% while saving more than £1.5m – and improved the work-life balance of its staff on the way!

Established five years ago to streamline the technical and scientific functions of Government advisors on landscape and nature conservation and to deliver the government's flagship environmental stewardship scheme, NE has demonstrated its credibility as an environmental organisation by achieving significant carbon reductions in the short-term.

Set a target to halve its emissions by end 2010, its overall saving in carbon reduction



was actually closer to 55% - a figure validated by PricewaterhouseCoopers. Financial savings are estimated at £1.5m in direct travel costs, with another £0.6m saved per annum by using teleconferencing rather than travelling, and switching from car to rail. Staff are reporting a better work life balance as they do less business travel.

The biggest carbon saving resulted from improving the energy performance of its estate. Inefficient offices were closed and people moved to more sustainable locations. The office estate has been reduced by more

Moving stories

than half from 68 buildings to 28, with plans in place to reduce this to 20 by March 2014. Those buildings that remain have undergone a rigorous energy audit and efficiency measures have been put in place to further reduce carbon emissions.

Natural England is well on track to making the £40m (30%) savings required by Government by 2014/15 under its budget allocation for the Comprehensive Spending Review. Thanks to its Performance and Efficiency Programme, it was able to introduce an entirely new business model, making £12.5m savings this financial year, and planned savings of £9.5m for 2012/13.

Natural England is always looking for new ways to embrace localism and improve its solid track record with its customers. Its latest customer survey shows an 84% satisfaction rate.

In April, NE set up a network of Area Managers, responsible for local relationships across key customers and partners - primarily farmers, local authorities, developers, marine user groups, environmental organisations and recreational groups - who act as senior contact to ensure stakeholders and customers receive an integrated service.

Communication is key

Three agencies emphasise the need to listen

Communication is not the same as telling people how things will be, says Adrian McAllister, who set up the Independent Safeguarding Authority that was born out of the Soham Murders and Sir Michael Bichard's report of 2004. Initial 'core staff' were transferees from the (then) Department for Children, Schools and Families. For McAllister, the first lesson of a successful change process was the need to communicate frequently, personally and honestly. He placed great emphasis on getting to know people and taking questions head on. "I spent time explaining what kind of organisation I would like the ISA to be and how staff would be involved in achieving that. There were no secrets, no empty promises and no denying there would be some difficult times ahead," he said. "The grand strategy, vision and mission statements meant little to people who were concerned about things that would really make a difference from day one: changes to terms and conditions, how to get to work, whether child care vouchers would be available. These were issues that concerned staff and we ignored at our peril. Communication is fine but should not be confused with simply telling people *how it will be*. Listening, responding and doing one's best to manage expectations is critical to success."

Internal communication is often a casualty of stretched resources, says Paul Markwick, CEX of the Vehicle Certification Agency. "Engaging with staff at all levels is a challenge. Particularly when the public sector is under continuing pressure to achieve more for less, internal communication is often a casualty of stretched resources, albeit an unconscious one. Staff engagement is even harder for organisations like VCA, which though small in terms of staff numbers has them spread across the UK and overseas." To achieve its high levels of engagement (it was recently ranked in the top five for engagement in the 2010 Civil Service People Survey) the VCA has adopted a number of approaches, including monthly team briefings, led by Markwick, director-led branch meetings and an internal e-newsletter. It also encourages staff to shadow colleagues to improve understanding of activities and pressures. "Communicating with staff is just one part of the equation. Communication needs to be two-way. Staff need to feel their voice will not only be heard but that their issues will be addressed. To ensure this is the case, the results of our staff surveys are considered at Board level and specific actions put in place to address concerns. This visible approach to resolving problems encourages staff to

engage in dialogue. There is no doubt that investing in effective internal communications has resource implications but it really does pay dividends."

Mobile text alerts and enhanced use of the intranet for important announcements are helping keep staff at Forestry Commission England up-to-date.

Keeping staff as informed and involved as possible has been key to maintaining morale, says CEX Simon Hodgson. "Not only are we adjusting to our reduced spending review settlement, the Forestry Commission is also looking to restructure the way we work throughout England as well as re-focusing our priorities and policies to sit alongside a new Government agenda – their aim to be the greenest ever Government," he said. "Keeping our staff as informed and involved as possible has been key to maintaining morale and ensuring concerns are managed as well as possible. We have invested in our internal communications offering, using new channels, including mobile text alerts and enhanced use of the intranet for important announcements, as well as making sure information is delivered as soon as possible - using cascade systems or briefings from the senior team."

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West Northamptonshire Development Corporation

Six steps to maintaining morale

*How do you keep people motivated when budgets are being slashed, salaries and pensions are under threat, organisations are being shut down and media stories vilify ALBs as quangos, asks **Peter Mawson***



Mawson: 'maintaining morale'

Since March 2010 the budget of the West Northamptonshire Development Corporation (WNDC) has fallen by around 30%. Staffing levels have been reduced by nearly 40%. One third of those remaining

will be transferred out of the Corporation in April 2012. The intention to close WNDC in 2014 has been publicly announced, and there is significant local media speculation on whether this date will be brought forward. Yet despite these challenges, staff satisfaction, already at a relatively high level, has consistently risen. How has this been achieved? We've identified six themes we think have been critical:

1. **Maintaining a sense of purpose:** WNDC is tasked by Government with bringing forward five major development sites in Northampton Town Centre by 2014. By focusing staff on these projects, the Corporation has managed to maintain a strong sense of direction.
2. **Improving external perceptions:** Local media have been provided with more
3. **Making internal communications more intimate:** All developments on the Corporation's future are shared with staff at face-to-face Q&A sessions with the chief executive and the senior management team. All information is communicated and no question is out of bounds.
4. **Managing change internally:** In the current climate, employing expensive consultants to manage change shouldn't be a viable option. But, even if it were, it's not an option WNDC would choose. All change-related projects have been managed by our own people. This provides greater internal buy-in to the process and enables employees to develop new skills.
5. **Spending the time and effort to build a team spirit:** The Corporation has continued to support corporate activities, such as awaydays, that bind the team together. These are organised from

information about WNDC's future arrangements as well as our five projects. Consequently, the media focus has moved away from speculating on our future to reporting progress on our work programme.

6. **Supporting training and development:** With less staff and little opportunity to bring additional consultancy support into the Corporation, it has been critical to get the best out of the people we have kept. WNDC has maintained the size of its training budget and used it to help employees develop the skills they need both to perform their current roles better and to enhance their post-WNDC career prospects.

Peter Mawson
is CEX West Northamptonshire
Development Corporation

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Getting into shape

Changes were not about simply downsizing, they were designed to bring about a real cultural difference

As the credit crunch took effect in 2008 and the property bubble burst, Land Registry saw its income drop by 40% and recorded an operating loss of £77m. In response, the organisation cut back on all discretionary spend and ran a voluntary redundancy scheme that together delivered an immediate cut in running costs of £77m and reduced staffing by 1400.

With no immediate prospect of an early return to pre-downturn levels of market activity, Land Registry decided a more fundamental transformation was needed to regain long-term financial stability and make a reality of being a leaner, more flexible and customer-focused organisation.

The Accelerated Transformation Programme was born. Its aim was to re-structure the organisation through a programme of office closures, further staff reductions, outsourcing back-office services and management re-structuring. This was coupled with a culture change built around a new vision and values, a new customer strategy, the introduction of lean techniques and a continued drive to move services online.

The structural changes resulted in the closure of three operational offices, the sale of the historic Head Office building in Lincoln's Inn Fields in London and the merger of Head Office with the operational office in Croydon, along with a similar merger of the IS and operational offices in Plymouth. The closures, mergers and further voluntary severance schemes will see staffing reduce by a further 2200.

Malcolm Dawson, Chief Land Registrar and Chief Executive said: "It is right to celebrate the success of the transformation programme and the efficiencies that we have been able to deliver. But it has not come without its costs. Every Land Registry office has been affected, resulting in an impact on morale and translating into poor staff engagement scores.

"Nevertheless, the changes were right and essential to the ongoing success of the organisation. The changes we made were not simply to downsize but to effect a real cultural change. I want our people to be more outward looking and I want them to feel empowered. The changes have been difficult and painful,



'Staff more outward looking'
- Dawson

but necessary, and they haven't distracted us from the central task of serving our customers and maintaining the high standards to which we aspire."

A crucial element of the changes was an operational restructure to make a reality of the new customer strategy. Historically Land Registry business customers dealt with a number of offices across England and Wales based on the geographic location of the property. The

introduction of Customer Teams changed all this. Business customers are now allocated to a Customer Team that deals with all their transactions regardless of location.

This change has also seen an evolution in the roles of operational staff. A new customer team leader role was introduced which moved away from the traditional manager role, internally focused and overseeing casework, to that of an account manager, developing relationships with customers and building team capability.

Outsourcing has seen Land Registry move from a fixed to a more flexible cost base. An example of this is the outsourcing of file storage. Under the new contract, charges are based on levels of file retrieval activity so costs will more closely reflect the amount of business Land Registry conducts.

Despite this background of change, Land Registry has continued to receive good customer ratings. The results for the customer survey for the first quarter of 2011/12 showed an overall customer satisfaction rating of 95%, up 2%, with almost 90% of respondents saying they trust Land Registry.

"There are still questions arising from developments on public data policy and the establishment of a Public Data Corporation," said Dawson. "We don't know what this will mean for Land Registry but, whatever the final decisions, it is my priority to build people's self-confidence, re-establish their connection with the organisation and equip them to respond to changes successfully."

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Turning upside down

*Continuing problems in the economy mean that even the bankruptcy business is in trouble. It has left **Stephen Speed** facing some tough decisions – and using ACE to test his thinking*

I am getting a little weary of being told by friends and acquaintances that this must be a very good time for us at The Insolvency Service – all those bankruptcies rolling in!

The reality is that a few years after other government agencies hit the recessionary wall, it is now firmly our turn. In the last 18 months we have lost more than 40% of our bankruptcy caseload, seen more than 35% of our staff (temporary and permanent) leave and reduced our costs by around 31% - or £63 million.

Bankruptcy case numbers are notoriously unpredictable and, since that is where 70% of our income comes from, that makes financial forecasting just as difficult. No one, not the City economists, nor the debt advice sector, nor insolvency practitioners, nor our own official receivers, saw this sea change coming. In all recent (ie late 20th century) history, bankruptcy numbers have tended to stay high for some time after the end of a recession and then revert to mean only over a number of years. This time, the past was no guide to the future.

To make matters more difficult, we may be the only government agency which collects its fee after it has done the work! (If there are others, I would like to hear from you!) We take a deposit (about 30% of the fee) from the bankrupt at the point the order is made then collect the rest of the fee from

assets in the bankruptcy estate. Since the credit crunch and the recession, the value of assets in bankruptcy has fallen so much that we now recover the full fee in only around half of the cases. You can imagine what this has done to our cash position, balance sheet

our office locations to engage with staff on the substance of the proposals. We spent August considering the feedback and in September announced a set of far-reaching decisions, including the early closure of three offices, subject to public consultation,



'We now face the difficult challenge of re-engaging with staff, many of whom feel - and some with good justification - that we have called their future with us into question'

- Speed

(we had to write off 50% of our debtors last year), and our I&E statement!

We have run very hard indeed to try to tackle this sudden and steep change in our fortunes, as I hope the figures I have quoted suggest. But behind this lies the strategic challenge of how to restructure a business to make it sustainable once again for a very significantly smaller future.

Throughout the last year, we have therefore been working on a new vision and Delivery Strategy. In June, having worked very closely with our Trade Union Side, we issued a draft proposal for consultation. I and all of my board colleagues visited all 35 of

centralisation of back office functions into eight regional centres and future investment in e-enablement of some of our channels to market. We also announced the probability of a further VER scheme to handle nationwide surpluses next year.

As a deficit-making, net funded agency, all of this has required, and will continue to require, the very closest working with our parent department, BIS. We have maintained a completely open-book approach with them which has done a huge

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amount to instil trust and confidence in our stewardship.

Having made the decisions, we now face the difficult challenge of re-engaging with staff, many of whom feel – and some with

‘The Insolvency Service found itself on the Cabinet Office’s naughty step last year and I fear will do so again this year’

good justification – that we have called their future with us into question. These are tough issues and require real grit and determination and consistency of message, delivered in appropriately compassionate language.

It’s perhaps not ideal that the CS People survey launched just after we had made our main announcements to staff. The Insolvency Service found itself on the Cabinet Office’s naughty step in terms of

the survey results last year (which reflected the huge downsizing we were in the midst of then) and I fear will do so again this year.

This is what leadership is about, of course – tackling the hard stuff. It’s a truism that the CE role is a lonely one. But I have been very lucky in this regard in having an excellent set of non-execs to talk to. More importantly, I have been able to draw on the experiences of ACE colleagues who have already been through what we are now going through. This has been tremendously important, both in terms of personal resilience and in terms of learning from best practice elsewhere. It’s been said before, but bears repeating: if ACE did not exist, we’d need to invent it!

■ **Stephen Speed is Inspector General and CEX The Insolvency Service**

‘It’s been said before, but bears repeating: if ACE did not exist, we’d need to invent it!’

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Financial Services Compensation Scheme

Seven days to pay

*Despite receiving praise for the way it responded to the banking crisis, the Financial Services Compensation Scheme has not escaped having to make changes, says **Mark Neale***

The Financial Services Compensation Scheme (FSCS) – the organisation that compensates consumers when financial services firms fail – came out of the banking crisis with its reputation enhanced. More than four million customers in the failed banks got their money back at a cost of over £23 billion. The Treasury Select Committee said it “deserves praise” for the way it responded.

Yet, despite this success, a legacy of the crisis was an urgent need to transform the business. The Government determined that FSCS would, in future, have to pay out the majority of depositors in just seven days. It was clear FSCS needed to enhance its capacity. The next crisis might not (almost certainly would not) resemble the last one. That meant a business model which was robust in face of widely varying volumes and mixes of claims. FSCS could go from feast to famine and back again. To underline that: before compensating four million bank customers in 2008, FSCS had paid only 16,000 claims and £1 billion in compensation in the previous seven years.

And FSCS also had to become better known. Very few consumers can identify FSCS and under half know that their money is protected in the event of firm failure. That level of lack of awareness, itself, becomes a risk to financial stability at times of stress because it means people may queue needlessly outside their bank. Think Northern Rock.



‘From feast to famine and back again’

- Neale

So how did we go about transforming the business? I would highlight four key enablers: We clarified FSCS’ business model. With an unpredictable and fluctuating workload, it was right FSCS out-sourced the majority of claims. We now have a framework agreement with three providers who compete on price and quality to undertake new work. This enables us to scale up or down quickly and efficiently. We handle only about 5% of the most complex, low volume claims in-house. We have around 180 permanent staff.

We ensured we had the right people with the right skills. FSCS started life as a claims handling organisation and this was reflected in the mix of skills. We needed people who could manage out-source contracts, undertake data analysis, build business resilience and contingency planning and front-line staff who were multi-skilled in the different claims they process. Beginning in mid-2010, we re-engineered posts across FSCS. We began with our managers. Roughly one-fifth of people left the organisation and equivalent

numbers arrived. These changes created, inevitably, uncertainty for many of our people. But at the end FSCS has the right people with the right skills in the right roles.

Thirdly we ensured our IT and other infrastructure supported our business model. We have invested in a new operating system to handle fast pay-out in the event of bank or building society failures. The system is up and running and has enabled us to meet our seven day target for eight Credit Unions and one small bank so far this year.

Fourthly we have transformed the culture. Not surprisingly FSCS tended to be a reactive organisation, responding to business failure. But after the banking failures, FSCS had to provide a more responsive service, forge new relationships and raise its profile. In consultation with staff, it adopted new values – delivery, working together, excellence and making a difference – to emphasise the importance of proactivity and taking the initiative. To help embed the new culture and values it updated its people management strategy and introduced a new approach to managing performance and coaching staff.

■ **Mark Neale is CEX Financial Services Compensation Scheme**

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Safety first

Prioritising health and safety is creating change for the better

Cefas has halved safety incidents and accidents since 2007. This has been achieved through the energy and focus from staff across Cefas, encouraged by managers and Prospect trade union reps alike, and enabled by fundamental changes in how health and safety (H&S) is managed.

Improving H&S formed an integral part of a much wider change programme in Cefas, and the experience gained has more generic application.

Looking after H&S is an essential requirement for a laboratory and fieldwork orientated business such as Cefas. H&S Manager Neil Pearson said: "The catalyst for action was a Health and Safety Executive intervention in 2007. While appropriate systems existed and were evolving, the effectiveness of their implementation was variable. The emphasis seemed to be more on process than on ensuring a safe workplace. Wider symptoms included safety-related actions that drifted, aged laboratory infrastructure that was unreliable, and a poorly delivered occupational health contract. These created a false impression that achieving legislative compliance was sufficient – a culture entirely at odds with our values and the professionalism of our scientific delivery."

The HSE intervention was typical of the "burning platforms" used in change programmes. The response was focused and robustly prioritised: first, deal with the immediate issues highlighted by the HSE, then broaden out across Cefas' wider activities and ultimately



underpin long-term safety performance by successful certification of the H&S management system to OHSAS 18001. This last step was achieved in 2010, a first within the Defra network. This clear prioritisation was essential to avoid overloading teams already dealing with wider change activities. Cefas also engaged with local Prospect reps throughout, benefitting from their constructive challenge and support.

Pearson adds: "A key feature of our approach was to work directly with those working at the sharp end, day-to-day, and with the most to gain from a robust system. Our emphasis was on keeping systems simple but effective and highlighting the most significant risks for Cefas, such as working with hazardous substances and working in, on or near to water. Guidance and updated processes were supported by training for staff and managers delivered through a range of formats."

"We took a more concerted look at the way we learn from incidents and the outcome of

H&S monitoring, with a focus on delivering swift actions and assurance that matters are satisfactorily resolved. For example, a campaign to encourage reporting of 'near misses', followed by necessary action, is helping us to avoid potentially more serious incidents. In addition, we invested in better infrastructure."

H&S awareness has been reinforced by regular updates on practice and progress delivered verbally to teams or via the intranet and global emails; and a simple, one-page and highly visual Safety Alert announcement is delivered each time there's a significant incident, so lessons can be learnt across the business. H&S has become a priority item on management meeting agendas.

Staff well-being hasn't been overlooked. A new Work Positive system focuses on tackling symptoms of organisational stress, while staff have easier access to face-to-face Occupational Health support alongside online guidance.

"A fundamental cultural change is the aim," says Pearson. "Staff have already made the journey from compliance to self-reliance; now the task is to embed a partnership approach which supports continuous improvement and creates a sense of looking out for each other.

"We want to encourage individuals and teams to make their own improvements and suggestions, unprompted by impending audits. Such change will always be stronger and more long-lasting when it's built from within."

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Keeping ahead of the weather

CEX John Hirst explains how the Met Office helps businesses to plan ahead - for sunshine or showers

Weather and the economy are inextricably linked. So staying one step ahead of the changing conditions is good for business. And that's just what the Met Office helps organisations to do.

October's unseasonably warm weather got people outdoors and into the sunshine, boosting tourism and sales — good news



'Our piece of the jigsaw is to demonstrate the advantage that joined-up weather and climate science can bring'

- Hirst

for the UK's struggling economy. In marked contrast, one month earlier the remnants of Tropical Storm Katia battered parts of the UK, with winds of 75–80 miles per hour and torrential rain causing £1 million of damage. Definitely worth knowing it was on the way.

"Organisations everywhere are using our forecasts and services today to reduce the risks of whatever the future may have

in store," said John Hirst, Met Office Chief Executive. "Our range of customers is set to grow, as more and more organisations recognise that being in the picture in terms of the weather and climate is good for business."

He continued: "The weather and climate matter hugely to policy, society and the economy. Day to day, the Met Office keeps airlines flying safely, roads flowing freely, railway lines free of debris, and seafarers safe in UK waters. We also help utility companies to keep the power on, mining companies to keep drilling, the construction industry to keep building, and the oil and gas industries to keep prospecting.

"Our work means the insurance industry can stay on top of the ever-changing risks, the Armed Forces can use local environments to their tactical advantage, and major sporting events can run on time. And that's just the tip of the iceberg. Our services help people make decisions on avoiding the dangers while making the most of the changes to come — for anywhere from one hour to one hundred years ahead."

The Met Office has recently moved to the Department for Business, Innovation and Skills (BIS), strengthening the partnership between science and services. "Nothing's changed for us since we were welcomed into BIS — it's been business as usual providing

our essential forecasts and services," the CEX said.

"What's different though is we're nearer other experts in science such as the Government Chief Scientific Adviser, the Government Office for Science, and the Research Councils — particularly the Natural Environment Research Council (NERC) — with whom we already enjoy close working partnerships.

"With a greater number of scientific bodies coming together under BIS, our piece of the jigsaw is to demonstrate the advantages that joined-up weather and climate science can bring. An example of this collaboration was the development of the Flood Forecasting Centre, with Met Office meteorologists working closely with hydrologists from the Environment Agency, to deliver coordinated advice on flooding risk."

Hirst describes the Natural Hazard Partnership (NHP) as a broader example. It has brought together the Met Office and 12 other agencies to better coordinate the advice provided to Government on natural hazards and inform the nation's response to these events. A trigger for some of this work was the eruption of the volcano in Iceland in 2010, which saw the Met Office providing

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advice on the location and movement of the ash cloud.

“During this time it was necessary to develop closer links with the British Geological Society and the Icelandic Meteorological Office to increase our detailed knowledge of the volcano and its eruption height,” he said. “The NHP builds on these links and other science partnerships to avoid guidance being

Organisations everywhere are using our forecasts to reduce the risks of whatever the future may have in store

issued in isolation during a significant event and to make sure advice from the agencies involved is as joined-up as possible. It is coordinated at the Hazard Centre, based at the Met Office in Exeter.”

Now that the Met Office is part of BIS, it plans to build more such connections, ensuring weather and climate are an essential part of the bigger picture. “We’re currently setting up the Environmental Science to

Day to day, the Met Office keeps airlines flying safely, roads flowing freely, railway lines free of debris and seafarers safe in UK waters

Service Partnership (ESSP), for instance, that will link Met Office-led research and delivery programmes with NERC and other organisations,” he said.

“The plan is to capitalise on the excellent environmental research carried out in outstanding organisations — many part of the BIS family — by sharing data, information and expertise. Integrating our knowledge and coordinating our advice should mean policymakers are better informed while the public and businesses are better equipped, thanks to the services they receive. This feeds directly into the BIS vision of Working Together for Growth.”

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Top team tactics

Getting to know each other was best way to adapt to change, says Adrian Belton

Getting the top team right was a priority for The Food and Environment Research Agency (Fera), formed just over two years ago by merging four different parts of Defra. At the time, people from the different areas didn't feel they knew each other well enough to set a compelling vision. But time spent together as a leadership cadre over the months meant they were able to develop a vision "from within".

"With tough and changing times ahead, we wanted to select the leadership we thought we needed, and invest heavily in their development, individually and collectively. And that included the CEO and the executive," said CEO Adrian Belton. "By spending days together, we were all on the same page in preparing to rise to the challenges we thought would lie ahead.

"It's easy to see why people think new leaders should have a grand vision from Day One, but it's only once you've really understood an organisation and its people that you can develop a vision which will resonate from within rather than rebound from on high."

An early priority was to develop a good network of external advocates and critical supporters. "In times of stress," said Belton, "it is all too easy to bunker down and become preoccupied with internal matters. So as CEO, identifying and working with the right sort of Non Executive Directors (NEDs), was one of my priorities.

"Looking back, I have spent more time talking things through with the NEDs than they or the Department might have imagined when



'Never underestimate value of right external team'

- Belton

appointing them to 'attend quarterly Boards'! Never underestimate the value the right external team can add, and be prepared to invest time in developing their understanding of where and how they can add that value."

All this meant that, at first, the new executive team drew in delegations and controls very tightly. "And, for our troubles, we received lots of puzzled or at times hostile feedback that we were disempowering!" said Belton. "I can see how it must have felt – we, as an ALB experienced the same 'tight' effect of the new Coalition Government!"

But a year on, with good visibility on how the money flows and the business model works, power has been pushed back down the line. Belton said: "We were able to refresh the governance and accountabilities. That has meant the day-to-day running of the agency is now more firmly in the hands of the leadership cadre we selected, while the Executive has more of the bandwidth necessary to focus on the current strategic challenges."

During this period, the agency has had to contend with numerous reviews, including Operational Efficiency, Arm's Length Bodies and, for the past year, Defra's review of its science agencies. "Our place in the new order

has yet to be decided," said Belton. "We have had to work hard to ensure our sponsoring Department really understands who we are, what we can do, and what we are doing to support their agenda.

"It was only through a several month process of discovery that colleagues in the Department, who had previously thought they knew what they needed to know about us, really began to appreciate and understand how best to work with us on efficiency and reform to meet the demands on them, and without damaging the very capability they will need to access in the long term."

So far, said Belton, Fera has done its bit on efficiency, taking out 10% through "leaning", without cutting into the very capabilities it provides for Government and other clients. Customer ratings have remained high, and the science capabilities at the heart of the organisation were independently reviewed and found to be "excellent" and "world class" in most areas.

"We've been shortlisted for a Civil Service Team award, having won twice in previous years, and won a National Training Award for an initiative," said Belton. "Financially it's been much tougher than expected. We must compete for 45% of our work, including some of that for Government, our major customer. But, to our delight, income from commercial clients, which accounts for 20% of our overall income, has grown by 20% and is on track to grow by a further 20-plus% this year."

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Three years that changed an Agency

*Transformation may have become something of a management cliché but the changes needed at the SFO really did warrant the description, says **Phillippa Williamson***

The three years since I joined the Serious Fraud Office have been an interesting time, to say the least. As well as helping the organisation face up to repeated threats to its existence, I've led an organisational and cultural transformation as radical as anything I've undertaken.

I joined the SFO in the early summer of 2008, along with the new Director, Richard Alderman. Our arrival coincided with a damning government-commissioned report that compared the SFO's effectiveness unfavourably with similar bodies in the US, and led to its closure being seriously discussed. More recently, we've had the debate about an Economic Crime Agency, and the welcome ministerial decision that the SFO should remain an independent organisation.

So it's been a stormy few years. The transformation programme we've overseen has not only dramatically improved SFO's performance but has been instrumental in sustaining its existence. The figures speak for themselves.

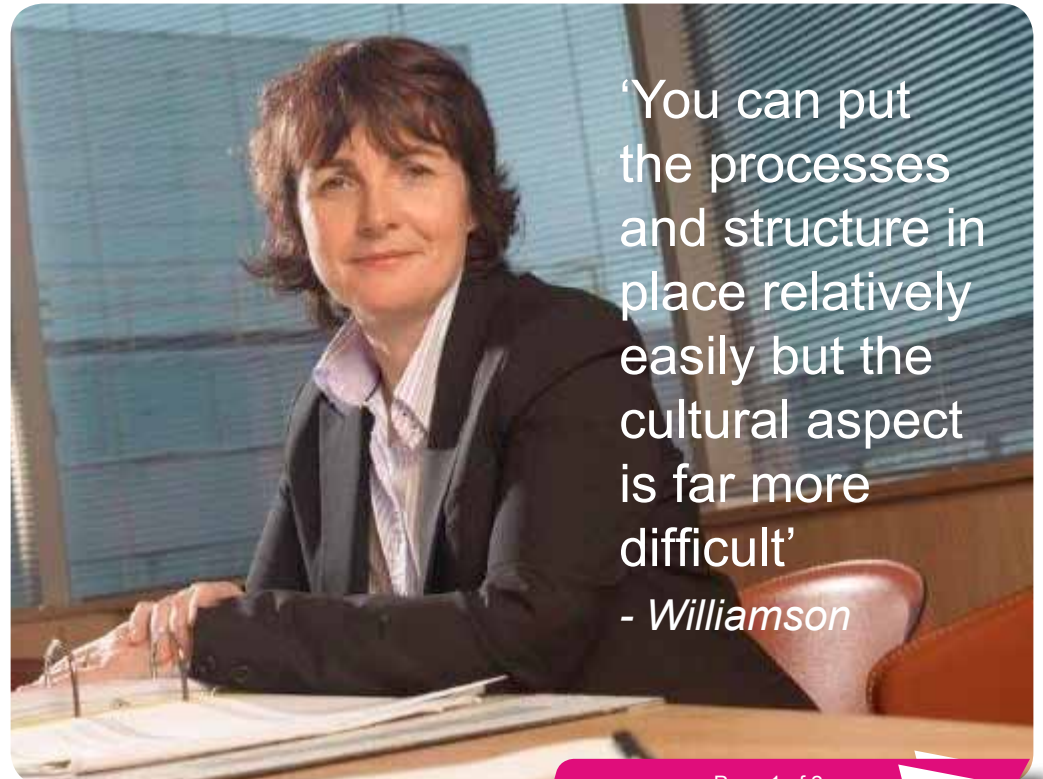
In 2007/08 we had 65 active cases; today it's 103. The average length of our investigations has fallen from 45 months in 2008 to 24 months today. Average time to file charges was 48 months for cases accepted before 2008, and is 15 months for those accepted since then. And our conviction rate

rose from 68% in 2008 to 90% in 2010.

The changes we've made amount to the creation of an entirely new organisation – and I could see the need for that from the day I arrived. It was like stepping back to when the SFO was formed in 1988.

There was no basic business planning and the management information was so rudimentary that, on my first day, no-one could tell me how many cases the SFO was handling.

Every case we investigated and



'You can put the processes and structure in place relatively easily but the cultural aspect is far more difficult'

- Williamson

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prosecuted was progressed in a different way, so there were no consistent standards for our case working. And lawyers were the only people allowed to manage cases, despite the deep skills among our investigators, accountants and digital forensic experts. The last time a non-lawyer had been promoted from Gr7 to Gr6 was 1994.

Most worryingly, the culture was fragmented and divided, with some staff feeling disenfranchised by lack of

'The culture was fragmented and divided, with some staff feeling disenfranchised by lack of opportunities, while others felt cosy and content in an organisation with no meaningful targets'

opportunities, while others felt cosy and content in an organisation with no meaningful targets, no accounting for performance, and little engagement with wider Whitehall. So when Richard and I came along trying to change things, these people became

resistant and antagonistic.

While transformation has become something of a management cliché, the changes needed at the SFO really did warrant the description. With solid support from the Director, I set about designing and creating a new organisation fit to deliver more for less.

My first priority was to define the vision for the SFO. Then I needed to look at what that meant for the way we worked and how we were organised. And finally I had to turn this into reality by transforming the SFO. Throughout, I took pains to focus not just on what needed to change, but also on how change was made.

To sustain the right culture and buy-in, our people needed to feel part and parcel of the future. So I gave them all the opportunity to play a key role in shaping and delivering the transformation. Many people who didn't see the need for change, or didn't like its effects, left.

By January 2009, six months after my arrival, the SFO was completely reshaped. We became more outward-facing, focusing more on the needs of our real clients – victims, witnesses and whistleblowers. And I'm immensely proud of how people throughout the SFO have grasped the need for transformation and helped drive it through.

Make no mistake, it hasn't been easy for our staff. It's been especially hard on our managers who are committed to change,

'It hasn't been easy for our staff. It's been especially hard on our managers who are committed to change, as repeated resistance from those who still don't want to change is very draining'

as repeated resistance from those who still don't want changes is very draining. You can put the processes and structure in place relatively easily but the cultural aspect is far more difficult.

One key lesson I've learned is the value of holding on to key motivators. In the SFO's case, this is the people most passionate about delivering justice for the victims of economic crime. If you can place change in the context of achieving those core aims, it goes a long way towards convincing people that it's change for the better.

■ **Phillippa Williamson** is CEX Serious Fraud Office

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Story keepers

Staff didn't want to just manage through changes, there was a real resolve and appetite internally to respond more thoughtfully

Stories are at the heart of the work of The National Archives. Not just the stories in its archive of more than 1000 years of history but the more recent story, too, of reducing its operating costs by £4.2m, while still maintaining good staff engagement levels.

In 2009 the organisation faced the risk of having insufficient funds to cover costs within three years (caused by flat cash funding, rising inflationary costs and an inability to carry forward funds). It announced a programme of changes to reduce operating costs by 10% or £4.2m in real terms.

Changes included moving from a six-day week to a five-day week, closure of a London office and a combined restructure and voluntary redundancy programme that saw the loss of 58 posts.

Chief Executive Oliver Morley said: "It was a difficult time for the organisation. While an emphasis throughout on maintaining service quality and investing for the future helped the changes to be successful, it was a period of uncertainty and worry for many staff. However, despite the obvious upheaval, on the whole staff remained positive, as was reflected in last year's engagement survey results.

"My focus now is on making sure that the organisation fulfils its public task – its core statutory remit – as well as innovating to prepare for the long-term. As

an organisation it's important we set clear objectives both personally and more widely so that people know what's expected of them. It's equally important to involve staff in discussions and decisions about what our goals are and how we fulfil them, so that everyone who works here feels part of the story.

"Following the change programme it was clear staff didn't want to hunker down and manage through. There was a real resolve and appetite internally to respond in a more thoughtful way and to make the most of available opportunities."

One of the ways this is happening is through a project that looks at the working culture of the organisation. The programme is run by people from across different departments and different roles who volunteered to be involved on top of their usual work. To date 34 volunteers have been involved at different times.

The first piece of work was to revisit and refresh the corporate values. Their starting point was *What do people here really value?* The result was a people-centric picture of The National Archives' fundamental values.

"In just two months," said Morley, "the team visited every department, held drop-in sessions and one-on-one meetings. People could also contribute anonymously via email or drop boxes. The creative and

inclusive approach got people talking and thinking. There were more than 200 responses. People took the opportunity to talk about what motivated them and why. It was vital that the values remained true throughout the organisation, and as such the management board made no changes at all to them throughout the process."

The responses were distilled and then reviewed in further staff discussions. The final version of the values emerged as – People, Possibilities, Integrity. They were launched with an all-staff event and, along with The National Archives' vision and strategic objectives, will underpin and shape further work on the organisational culture."





More about ACE

ACE is the UK Association of Chief Executives of Arm's Length Bodies. It is an inclusive organisation open to chief executives and senior managers, who report to chief executives, working in central government Executive Agencies, Non-Departmental Public Bodies, Non-Ministerial Departments and Trading Funds. Other chief executives of public sector organisations are able to apply for membership but approval of membership will be subject to the agreement of the Board. ACE promotes effective government and provides networking and learning opportunities for its members. ACE was formed in 2004 and exists to promote excellent working relationships throughout all aspects of government. It will seek, on an annual basis, to:

- Generate the opportunity for networking on the basis of an up-to-date database of contact details and specialisms
- Produce regular newsletters for the purpose of promoting and sharing good practice, experience and knowledge
- Organise an annual conference

- Organise two events which:
 - Highlight priority areas of action for government
 - Offer specific opportunities for networking across the public and private sector
 - Provide a point of contact between the Civil Service Steering Board (CSSB) and the Association and its members

In undertaking the above, ACE will neither seek to involve itself in policy development nor representative lobbying. Neither will ACE have the power to make decisions that would bind one, any or all of the members. ACE is funded from member subscriptions.

The ACE London headquarters is located in the heart of Westminster and has meeting facilities available for hire to ACE members. If you would like to find out more about room hire please ring 0845 652 4010 or email james.jeynes@ace.gov.uk

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