

SENIOR STAFF AND MANAGEMENT REVIEW REPORT AND MANAGEMENT BOARD RESPONSE

Introduction

1. This report presents the findings of a review of senior staff and management commissioned as part of the Savings Programme. The terms of reference of the review are attached at Annex A.
2. The review has involved fact-finding and opinion-testing, including discussions with the trade unions, but not formal consultation given the need to present options to the Management Board before the Summer recess.
3. While the terms of reference allowed for the review to cover A band posts which form part of senior management, as well as SCS (Senior Commons Structure) posts, I have in practice found no reason to do so. This paper covers A band posts only to the extent that they might replace certain SCS posts, and a reduction in the SCS would impact on their prospects for progression.

SCS numbers

4. Establishing a clear baseline for SCS numbers and costs is not straightforward as there are frequent changes: staff moves, secondments in and out, and temporary appointments for specific purposes. There are **currently¹ 81 SCS posts in the House of Commons** (excluding the Parliamentary Commissioner for Standards and outward secondees but including fixed-term and temporary appointments and a post currently vacant) and **6 SCS level staff in PICT**. These are broken down by band and Department in Table 1.

¹ As at end July 2011

Table 1: SCS numbers by band and department at end July 2011

	Clerk of House	SCS3	SCS2	SCS1A	SCS1	total
DCCS ²	1	3	4	10	37 (35.1 fte)	55 (53.10 fte)
DF		1		2	3	6
DFin			1		3	4
DHRC		1			3	4
DIS		1	1 ³		7	9
Other ⁴				1	2	3
Total HoC	1	6	6	13	55 (53.10 fte)	81 (79.10 fte)
PICT			1		5	6
Total HoC/PICT	1	6	7	13	60 (58.1 fte)	87 (85.10 fte)

5. SCS staff represent approximately 4% of the total staff of the House of Commons, and 2% of PICT. Table 2 shows the number of SCS staff as a percentage of total staff by Department. In comparison with the Civil Service (where 1-2% is usual), the proportion of SCS staff is high, though, of course, we are very different from the average Civil Service Department.⁵

Table 2: SCS as % of total staff numbers

	SCS	Totals	SCS as % of all staff
DCCS ⁶	55	563	9.7
DF	6	641	0.9
DFin	4	64	6.2
DHRC	4	96	4.2
DIS	9	455	1.9
Other ⁷	3	33	9
Total HoC	81	1,852	4.4
PICT	6	280	2.1
Total HoC and PICT	87	2,132	4

² Including Legal Services Office, Parliamentary Security Co-ordinator and Registrar of Members' Interests

³ Currently vacant

⁴ OCE, Speaker's Office

⁵ The Office of the Parliamentary Counsel may provide a more useful comparator.

⁶ Including Legal Services Office, Parliamentary Security Co-ordinator and Registrar of Members' Interests

⁷ OCE, Speaker's Office

6. From the historic figures available, it appears that the number of SCS has grown over the past five years, from a total of 76 in HoC and PICT in 2007.⁸ It has however fallen slightly from 2010 (at 1 April 2010 there were 83 SCS posts in the HoC and 5 in PICT: **88 in total**) because Departments have already made some reductions in permanent posts under the Savings Programme, though this has been offset in part by some new part-time and fixed-term appointments. **It is recommended that the Board adopt the SCS numbers in post at 1 April 2010 (fixed-term as well as permanent) as the baseline, if it wishes to set a target for reductions in SCS numbers under the Savings Programme.**

Costs

7. The SCS paybands are wide and overlapping (though less so than in the Civil Service), as shown in table 3 below. Also shown for comparison purposes are the paybands for A band staff. In practice SCS salary levels range quite widely across the ranges, with some SCS1 posts being paid less than A band staff, as the travel time to the top of the A band range is short (about 6 years until the pay freeze) Calculations based on midpoints must therefore be treated with caution.

Table 3: current paybands (2011/12)

	Pay range £	Total cost ⁹ £k	Mid-point total cost	Average total staff cost fte
SCS3	101,500 – 139,829	141,362 -- 195,597	168,479	182,632
SCS2	82,900 – 124,845	115,043 -- 174,395	144,719	140,871
SCS1A	67,600 – 105,560	93,393 -- 147,106	120,249	136,364
SCS1	58,000 – 93,380	80,092 -- 129,872	104,982	107,210
A1	56,584 – 74,270	77,805 – 102,831	89,898	
A2	46,071 – 61,255	62,930 – 84,415	73,434	

8. In addition to salary, SCS staff are eligible for both performance awards and some additional allowances including evening allowance and – in one case – private secretary allowance. Performance awards this year were available to a maximum of 25% of staff, and the cash amounts were modest.
9. **The actual costs of the SCS in the HoC and PICT in 2010/11 was approximately £10 million.** A breakdown, by pay band, is shown in Table 4 below, while Table 5 shows SCS costs as a percentage of total staff cost. It is

⁸ I do not yet have complete data on where those increases have been.

⁹ Including Employers NIC and Pension Contribution

notable that while the SCS represents only 4% of staff numbers, it accounts for 12% of staff cost.

Table 4: SCS costs 2010/11

	Clerk of the House & SCS3	SCS2	SCS1A	SCS1	total
HoC	£1,367,203	£808,209	£1,772,733	£5,391,114	£9,339,259
HoC and PICT	£1,367,203	£957,920	£1,772,733	£5,920,137	£10,017,993

Table 5: SCS costs as % of total staff costs

	SCS costs	Total staff costs	SCS as % of total staff cost
HoC	£9,339,259	£73.9 million	12.6 %
HoC and PICT	£10,017,993	£83.9 million	11.9%

The argument for cuts

10. There are a number of arguments for reducing the SCS. First, it will be very difficult to achieve our savings target without cutting the staffing budget, and there is a strong argument for showing to staff and to Members that senior staff are sharing in the pain. Secondly, there is a strong cost argument for reducing SCS numbers, and particularly at the higher levels. Cutting a senior post saves a lot more money than a junior one. For example, cutting just one midrange SCS2 post would deliver a recurring saving of £140,000, and replacing an SCS3 with an SCS2 post might deliver a saving of £40,000 (based on midrange assumptions). Thirdly, there is a perception in some quarters that some senior posts are overgraded, which causes resentment. It will be important to show that all SCS posts had been scrutinised and – whatever the outcome – to explain to staff the justification for the grading of posts retained. Not least, the Board itself should have a shared understanding of why we have the posts we have. And fourthly, it may be that a “leaner” management structure would be more effective, as well as more efficient.
11. On the other hand, there are obvious downsides. Cutting senior posts will reduce management capability at a time when it is needed to deliver change. If posts are reduced by not filling vacancies, that will have a negative effect on the career progression of able staff with consequent effect on morale and, potentially, on retention. If – on the other hand – posts are reduced by

severance, that might mean losing the very staff who have shown the skills and dynamism to achieve promotion. There may be Member opposition to cuts, or reduced grading, of posts in Member-facing roles, though Members are not for the most part very concerned about our grading structure and may well support a general cut in senior staffing, even if opposing a cut in particular posts. And, while cuts in posts might appear to make the House Service more efficient, they would risk reducing our ability to make the House more effective.

Percentage reductions

12. At its informal meeting in May, the Board did not favour making a blunt percentage cut in the SCS in the way that has been done in Government Departments. Nevertheless, it may be useful to consider what cuts would be required to deliver certain percentage reductions. Table 6 below shows the cuts which would be required to deliver 10%, 15%, 20% and 40% reductions in either SCS numbers or SCS costs.

Table 6: Indicative cuts in SCS numbers and costs

	2010/11 Baseline¹⁰	Saving required for 10% reduction	Saving required for 15% reduction	Saving required for 20% reduction	Saving required for 40% reduction
SCS costs HoC	£9.3 m	£930,000	£1.4 m	£1.9 m	£3.7 m
SCS costs HoC and PICT	£10 m	£1 m	£1.5 m	£2 m	£4 m
SCS numbers HoC	83	8	12	17	33
SCS numbers HoC and PICT	88	9	13	18	35

¹⁰ For staff numbers, the baseline is SCS numbers at 1 April 2010; for costs, costs for the FY 2010/11.

Scope for “operational reductions”

13. At the Board’s informal meeting in May there was a broad consensus that there needed to be some reduction in the SCS. Board Members were all ready to consider “operational reductions”, where posts could be cut or reduced in grade without damage to operational delivery.

DCCS

14. It seems likely that the greatest scope for operational reductions lies in DCSS, since this is where the largest number of SCS posts (63% of the total) lie. Some reductions have already made. There were no promotions to the SCS to replace the Deputy Principal Clerk (SCS1) in the Legislation Directorate who retired in 2010 or the DPC in the Clerk Assistant’s Directorate who retired in April under the Voluntary Exit Scheme (although one of these reductions has been offset by the promotion to fill the Registrar of Members’ Interests post). The Director of Parliamentary Broadcasting (SCS1) has been replaced by an appointment at A1. The grading of the SCS3 Clerk of Committees’ post has been considered by the Clerk and the Clerk-designate. They decided to keep it temporarily at SCS 3, but to advertise it only as a year’s appointment, and thereafter subject to validation of the job weight. Similarly, the consequential vacancy for the SCS2 Principal Clerk of the Table Office is being advertised as fixed term for 12 months with the possibility of extension or permanency. It has been decided that an SCS1A post will be lost.
15. It should be noted that, while in other Departments posts are normally fixed as being of a particular grade, parts of the DCCS have a longstanding tradition of flexible complementing between SCS1 and A2 so that – for example – a clerk of a particular select committee may sometimes be SCS1 and sometimes A2. (More is expected of those who are SCS.) It would be possible to reduce the number of SCS1-level staff in those areas, over time, though it would have an impact on career progression and staff morale.

DIS

16. DIS has fewer SCS band staff (seven in total), but a high number of A1 and A2 band staff. One of the SCS1 posts (the Director for SPIRE) is fixed-term, and the requirement for it will end in 2012. If DIS had to lose another SCS post, it would prefer to lose the Departmental Services Director post if this was part of further House-wide centralisation of corporate functions. The SCS2 Service Delivery Director post was created in 2009 following the recommendation of an external review and reflecting the expanded range of service delivery functions in the Department following the Tebbit review. This posts also provides extra capacity for leadership of House-wide programmes and projects. The postholder retired under the VES in April and the post has

been held vacant since then, pending the outcome of this review. The argument for the post still holds, but the fact that it has been held open supports the argument that it could be lost without excessive operational damage. However the damage to morale in DIS would be great if other Departments were not seen to be suffering similar pain, and the removal of a generalist SCS2 post would harm career paths.

DF

17. The Department of Facilities has six SCS posts (four of them permanent), and at present they are probably needed to achieve the Department's transformational change and to put the Estates Programme onto a sound footing. Over time, it might be feasible to reduce the posts, or the grading of posts, within the Parliamentary Estates Directorate, but there are also upward pressures, in particular the need for a technical lead for the programme to renovate the Palace.

DHR&Change

18. The Department of HR & Change has four SCS posts, including the DG at SCS3. One of the posts (the newly created Change Director) is fixed term, and could either be abolished or combined with one of the other SCS posts in the Department in 2015.

DFin

19. The Department of Finance has three SCS1 posts, as well as the new SCS2 Director post. One of them (the Director of Savings) is fixed-term and the requirement for this post should end in 2015. There is probably little scope for further reductions at SCS, at least in the short term.

PICT

20. PICT has six SCS staff: a Director at SCS2 and five SCS1 staff (an expansion of at least one since it was first established). One of the SCS1 posts is required only for the duration of the Network Programme and may not be required beyond 2015.

Total HoC and PICT

21. It is difficult to estimate the savings that these potential "operational reductions" could amount to. It will depend on where the individuals concerned are on their respective paybands. Assuming the midpoints, the annual saving from – for example – replacing an SC1 with an A1 post would be £15,000 and the saving from replacing an SCS1 with an A2 post would be £31,000 (but in practice the saving might be less as A band staff might be expected to have progressed higher up their range). **In terms of delivering**

the overall Savings Programme targets, the relevant saving is the saving to total staff costs; but, to make monitoring simpler, it may be better to set a target reduction in the cost of SCS posts, even if this is offset in part by an increase in the cost of more junior staff.

22. Table 7 sets out a tentative indicative costing of the savings that might be delivered by “operational reductions” of the kind outlined above. It suggests that **the operational reductions already made or currently contemplated might deliver a 10% reduction in SCS numbers and SCS costs**, though this would be offset in part by an increase in A band costs.

Table 7: Indicative savings from possible “operational reductions”

fte	Planned post reductions ¹¹	Potential savings to SCS costs (based on midrange figures)	Potential savings to total staff costs (based on midrange figures)
DCCS	SCS1 x1 (VES) (2011)	£105,000	£105,000
	SCS1 x1 (to A1) (2011)	£105,000	£15,000
	SCS1A x1 (2011)	£120,000	£120,000
	<i>SCS1 x 2 (to A2) (2014?)</i>	<i>£210,000</i>	<i>£62,000</i>
DF	-		
DFin	SCS1 x 1 (2015?)	£105,000	£105,000
DHRC	SCS1 x 1 (2015?)	£105,000	£105,000
DIS	SCS1 x1 (2013?)	£105,000	£105,000
	<i>SCS1 x1 (2012?)</i>	<i>£105,000</i>	<i>£105,000</i>
Total HoC	9	£960,000	£722,000
PICT	SCS1 x 1 (2015?)	£105,000	£105,000
Total HoC and PICT	10	£1,065,000	£827,000

23. These figures take no account of upward pressures. While the end of the SPIRE, Network and Savings Programme will remove the requirement for four SCS1 jobs, it may be unwise to count on those costs being saved. It is a fair bet that other demands for additional senior manager posts to lead programmes will have arisen by then.

Options for more radical reductions

24. **If the Board wishes to see more than a 10% reduction in SCS staff costs, more radical changes will be needed.** There are a number of options which could be explored if the Board has an appetite for them.

¹¹ This includes posts already saved, decisions made and (in italics) posts which might potentially be lost without major operational impact

Delaying

25. The House of Commons Administration Act requires the Commission to “ensure that the complementing, grading and pay of staff in the House Departments are kept broadly in line with those in the Home Civil Service”. It is understood that the Civil Service is for the most part now doing away with the SCS1A payband, though this does not appear to be mandatory across all Departments. The question arises whether the House should do similarly. Getting rid of SCS1A would primarily impact on DCCS, where it (rather than SCS1, or A band) is currently seen as the first tier of senior management. There may be a case for delaying, as part of a broader “simplification” of management.

Rewarding specialists

26. A feature of our current staff structure is that staff are required to seek management positions if they wish to progress and earn higher salaries. This means that we no longer benefit from their specialist skills, and also that we have some managers who might be better suited to specialist work. It would be possible to structure our paybands so that excellent specialists were offered a reward and career path within their specialism. We already do this with lawyers and – to a certain extent – with clerks, insofar as our JESP system allows influencing to be weighted above management responsibilities.

Regrading in Committee Office

27. The largest single group of SCS are the SCS1 Committee clerks (currently 17 in number). Given that the job is sometimes done by A2 clerks, it could be argued that they could all gradually be moved down to A2 – or possibly to A1 (a payband not used in those parts of DCCS formerly in the Clerk’s Department). A more realistic prospect is that some of the posts could be moved down to A1 or A2, while some of them should remain at SCS1 but be given a defined supervisory role. (This could potentially allow a reduction, or further reduction in the number of Principal Clerks in the Committee Office.) Based on mid-points, the replacement of, say, 10 SCS1 posts with A1 posts could, over time, deliver savings to the overall staff budget of around £150,000.

28. A change of this kind might meet with opposition from the Liaison Committee, unless they could see some other benefit in sight (for example, an increase in the budget for committee specialists). It would undoubtedly be resisted by A band staff, though it would be made more palatable by the introduction of promotion to A1. It would also constitute a reduction in the promotion prospects we offer to fast streamers, which might risk making us unattractive compared to the Civil Service.

Severance

29. It would be an option to use severance to reduce the numbers of staff in the SCS, further than is possible through natural wastage, or just to maintain opportunities for career progression for excellent staff at band A. There are, of course, arguments against giving severance to strong performers: it would be regarded as unjust and might deter others from seeking advancement, and would reduce the talent and experience available. If the posts of high-performing staff are to be lost, there may be benefit in redeploying those involved, who do not want to retire, into programme or change management posts, though this would – of course – limit savings in the short-term.

Allowances and performance awards

30. An option which would demonstrate leadership and bring savings, without loss of operational capacity (as long as it did not lead to loss of goodwill and unwillingness to undertake night duty), would be to end the unsocial hours allowance payable to some senior posts. In 2010/11 £52,684 was paid in unsocial hours allowance to SCS staff, of which £20,590 was paid to staff at SCS1A level and above. While this falls within the remit of the HR PPP Programme, it is possible that it could be implemented more swiftly than other changes, though it would require negotiation. As a first step, an option would be to invite staff of SCS1A and above to give up such payments voluntarily.

31. In addition it would be possible to suspend payment of performance awards to the SCS either just for next year, or for the duration of the Savings Programme. While we would need to remain broadly in line with the Civil Service, it may well be that performance awards are also under pressure there. Soundings suggest that this is an option which would probably be accepted as fair by senior staff, as well as welcomed strongly by junior staff. The budget for performance awards is in the region of £100,000 a year.

Conclusion

32. There appears to be a consensus on the Board that there needs to be at least some reduction in the SCS. The question is whether modest operational reductions are enough or whether the Board thinks we should be looking at more radical options. If the Board wishes to change the way we manage, as well as to generate some savings, modest reductions are probably not enough.

33. The next stage will be to communicate the Board's decisions to staff, the unions and to Member bodies, and to consult on the specific post reductions

envisaged. Ensuring that SCS staff are fully informed of what is happening (particularly where there is, or might be thought to be, a threat to their own future employment) will be essential. It will also be important to consult A band staff, whose future is also at stake. The Board will not be able to achieve its strategic aims, or even just maintain business as usual, without senior managers' support and motivation.

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Deputy Head of the Committee Office

8 September 2011

ANNEX A TERMS OF REFERENCE

Senior staff and management review

To review the senior management structure for the House of Commons and PICT (including all SCS posts and those A band posts which form part of senior management) and identify the costs and responsibilities of those posts.

To establish the potential for savings by discontinuing or reorganising senior posts, and the implications for management structure and process, capability, career progression and staff morale.

To consider changes in senior grading under way or under consideration in the Civil Service and their implications for the House Service.

To report findings to the Management Board on 22 July, with a view to complete before the end of the year.

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[s.36(2)(b) and s.36(2)(c)]