

Meeting  
03/07/09

Agenda Item  
9

Reference No  
HEFCW/09/49

---

## **1 Issue**

- 1.1 The purpose of the paper is to present to Council a report on a review of the Organisational Design changes implemented from April 2008.

## **2 Rationale for paper**

- 2.1 Following the Organisational Design changes made in 2008, as part of its Operational Plan, HEFCW is required to review the new organisational structure to ensure it is delivering improved effectiveness. This review has been based upon input from all members of the Management Board and from anonymous contributions from staff via the HEFCW intranet.

## **3 Recommendations**

- 3.1 The Council is invited to:
- i. Note the findings of the review.
  - ii. Agree to a further OD review and report to Council in a year's time

## **4 Timing for decisions**

- 4.1 A decision to confirm the preparation of a further OD review in 2010 is requested at this meeting.

## **5 Council members' interests**

- 5.1 No Council Member has declared any further interests to those set out in the Register of Members' Interests which are of specific relevance to the matters covered in this paper.

## **6 Further information**

- 6.1 For further information, contact Nick Williams, Head of Resources (Tel: 02920 682299; e-mail: [nick.williams@hefcw.ac.uk](mailto:nick.williams@hefcw.ac.uk).)

## 7 Background

7.1 The Organisational Design (OD) changes were first implemented in April 2008 and were gradually introduced over successive months. The aims of the OD were as follows:

- To modernise our structure and thereby be better able to respond to a changing HE agenda;
- To have a sharper focus on institutional health and sustainability;
- To achieve a more strategic engagement with HEIs
- To be more strategic in the use of all our funds:
- To provide a better balance of senior support to the Chief Executive; and
- To have scope for better integration of related functions and more adaptability within teams.

7.2 The major changes arising from the OD were the establishment of two directorates, Strategic Development and Finance & Corporate Services; the appointment of an additional director, the Director of Strategic Development ; the establishment of a new group, the Policy Forum, to identify key issues for future policy development and to act as a 'think tank' on key policy issues; and a restructuring of senior management to reduce the cost and numbers of senior officers and to strengthen the teams below senior level.

## 8 Review of progress made to date

8.1 Each of the six aims listed in 7.1 above have been examined in turn below to assess progress to date.

### **Aim 1 – To modernise our structure and thereby be better able to respond to a changing HE agenda**

8.2 Management Board's views are that the establishment of the two directorates referred to above, and the teams within them has given the structure of the organisation better balance, both in terms of dealing with internal and operational matters and with managing external issues, in respect of both the HE sector and with WAG. As a result, there is now an improved capacity for cross-team working and for cross-directorate challenge, given the newly established equal status of the leadership of the directorates. In contrast, one member of staff considers that it is difficult to form a view on this subject as it not clear which criteria should be used to compare the 'before and after' positions.

### **Aim 2 – To have a sharper focus on institutional health and sustainability**

8.3 A dedicated team has been established to concentrate on institutional assurance and financial health, and cross-directorate working is contributing to the issue of sustainability, in management's view. Staff have noted that changes in our approach have been proposed and in one person's view, they look promising and in another's, the success of the changes will be determined by the involvement of teams in the development of the new process.

### **Aim 3 – To achieve a more strategic engagement with HEIs**

8.4 The development, by a cross-directorate group, of a revised approach to strategic engagement, on which we have recently consulted CHEW and HEW, illustrates our improved ability to put together a team to address this kind of issue in a positive and timely way. Our approach to the recent proposed merger between UW Lampeter and Trinity College Carmarthen has, in management's view, provided the benchmark for setting the level of engagement with all HEIs that we should be aiming for in the future, in order to meet the demands of our remit letter. Staff feedback suggests that it is too early in the change process to assess the results and it may require a structured evaluation procedure to determine the outcome after one or even two full cycles of strategic engagement with HEIs.

### **Aim 4 – To be more strategic in the use of all our funds**

8.5 The move towards becoming more strategic in the use of our funds is still in its early stages of development. Staff have referred to the creation of the Economic Support Initiative as a good example of realising this aim.

### **Aim 5 – To provide a better balance of senior support to the Chief Executive**

- 8.6 In the views of management, the impact of the OD in this area has been :
- Each directorate is now managed by its own director and they act as senior deputies to the CEO both in respect of the conduct of internal business and with arrangements for meetings or liaising with senior staff at institutions and at WAG, thus creating a better balance of senior support.
  - The CEO now has an increased capacity to delegate, freeing himself from much operational detail and enabling his time to be spent more strategically on developing thinking and on external engagements, both representing HEFCW and gathering perspectives relevant to our role. He is also now able to delegate HEFCW representation to either director to attend events both in Wales and beyond.
  - HEFCW is now able to respond more quickly to many external enquiries, with much less need for the CEO to be involved in preparing the response, given the existence of the directors as his senior deputies.
  - The CEO has been relieved of the need to approve a substantial range of papers to Council and to Committees.
  - There has been a reduction in direct reporting to the CEO with the establishment of the post of Director of Strategic Development: this has resulted in the saving of his time on the related line management responsibilities.

There were no comments from staff on our progress with this aim.

### **Aim 6 – To have scope for better integration of related functions and more adaptability within teams**

8.7 In management's view it is probably too early to reach a conclusion on the success of cross-team working and the efficiency of the new structures of the teams within the two directorates, as evidenced by comments from staff set out in 8.8 and 8.9 below. There is evidence of good cross-team working, but this also existed before the OD. This has been successful in the last year where particular policy areas have been assigned across teams. There has also been successful new cross-team working between the funding and finance functions within HEFCW on the subject of budgetary cash reconciliations and the establishment of pre-Budget Group planning meetings. Strategic engagement work with HEIs is developing well and has involved cross-working throughout the organisation. The

structure of administrative support to the teams has changed significantly and there are positive signs of improved organisation and greater utilisation of staff resources across both directorates and their teams. The impact of establishing larger teams within the Strategic Development directorate on its capacity for increased flexibility is difficult to assess. The newly established teams within Finance & Corporate Services dealing with governance issues and with institutional assurance have made good progress in this first year. In summary, the structure is in place to allow for the improved integration of related functions and increased flexibility within teams and there are encouraging signs that this is working, however, comments from staff below indicate that management still have much work to do in this area and this will require attention from the Management Board.

- 8.8 This OD aim produced the greatest number of responses from staff. One staff member considered that this aim had largely been achieved, but at the same time, the changes had also resulted in a significant increase in workload for some. Another commented that 'the integration of related functions is working well, but there is still work to do on the closer working of the directorates; at a higher level there appears to be good co-ordination between staff, probably stemming from the need to deliver concise and consistent work packages, responses etc. At a lower level, I don't think this works as effectively'.
- 8.9 Other staff comments received suggested either little change had been achieved or they suggested that there was much left to do in this area. Comments included 'interaction between departments seems more limited and less structured than under the previous organisational model'; these aims 'were never going to come from an organisational re-design alone. There has to be the will at the most senior level to make this happen'. References were made to the continuity of examples of the 'silo mentality' from staff including some at director and head of team level 'where the focus is more on whose responsibility 'such-and-such' an area is, rather than on 'here's a problem to solve, who do we need to bring in to deal with it?'. The allocation of work responsibilities was questioned by one member of staff 'I'm not sure if all functions were thought through clearly at the time, with some areas of work being shoved to some individuals as an afterthought....so whether the current grouping of functions is, actually, best placed to serve HEFCW's needs is debatable'.

## **9 Other developments and issues arising from the OD**

- 9.1 Unless stated otherwise, the views expressed below are those of members of the Management Board.
- 9.2 The OD changes have allowed HEFCW to focus on strategic development. There is ample evidence available of significant development in this area. The establishment of the new Policy Forum group (see 9.3 below) and the examples of both cross-team and cross-directorate working have contributed to good progress in this area.
- 9.3 The Policy Forum (PF) has been formed with the objectives to 'identify key issues for future policy development and establish processes for taking forward' and to 'serve as a 'think tank' on key policy issues taking into account policy priorities implied by the Corporate Plan'. The PF has been established successfully, with a regular schedule of meetings and the preparation of input to support discussions at the meetings. Other than these operational factors, it may be said that there has been mixed success. Strategic engagement work has been very productive, other matters discussed, less so. Efforts have been made to cover a lot of ground quickly in preparing for a radically different Corporate Plan (subsequently delayed by a year due to the Jones Review). Some of the topics discussed have not been suited to the structure-free approach provided by the PF. One issue arising from the establishment of the PF is how to communicate details of the

group's work to HEFCW staff. Overall, however, the PF may be said to be 'work in progress', but heading in the right direction.

- 9.4 The level of engagement of staff with the new structure is difficult to assess. Old team names are still in use in both written and oral communications, especially within Finance & Corporate Services. However, these continue to exist as 'functions' such as 'HR', 'Finance' and 'Facilities' within the new Resources team and 'Funding' within the new Strategy, Learning and Funding team and are therefore still relevant, but could be seen to be evidence of a reluctance to engage with the new structure and make best use of the new larger teams. Staff comments included some reference to the unchanged 'them and us' positions held by staff in both directorates and the need 'for more understanding around HEFCW that the functions of 'Corporate Services' are not just for 'internal' policy matters'.
- 9.5 The Management Board (MB) now consists of seven members, the CEO, Directors and Heads of Teams compared to eleven members (approximately 20% of the total workforce) prior to the OD. It meets monthly instead of three-weekly and its terms of reference have been amended to concentrate solely on organisational matters. These changes have streamlined the MB's activities and can be said to have increased its efficiency.
- 9.6 The number of senior staff was reduced by two as a result of the OD. This created the opportunity for staff at less senior grades to take on more responsibilities, which is viewed as a positive change. One staff view was that in relation to the four Heads of Teams 'their remit is too wide and they have too much work'.
- 9.7 The immediate financial impact of the OD has been as anticipated, in respect of the redundancy costs of two senior staff members, the resultant savings of related salary costs, the upgrading of three posts and the recruitment of a small number of both full-time and part-time staff, although savings were made in year one as a result of the recruitment of some of these posts taking longer than originally estimated. There have been four additional upgrades of posts since the OD which were not included in the original costs' estimates, but these have resulted from a combination of the evolution of the individual roles and the effects of the OD giving some staff the opportunity to take on additional responsibilities. In one instance, this has resulted in significant costs savings by not having to buy in professional services, which was the original budgeted intention at the time of planning the OD changes. An alternative view of the need for upgrading four additional posts in the first year, in the view of one member of staff, is that they signify a failure of the OD restructuring in some areas of the organisation, in that the changes were necessary to compensate for the alleged shortcomings of the initial re-design.
- 9.8 Staffing levels have reduced from a full-time equivalent level in March 2008, just prior to the implementation of the OD changes, of 50.73 to a figure of 49.41 in March 2009. In terms of total numbers of staff, the figure comparisons show a slight reduction from 54 to 53. In comparing the analysis of staff grades at March 2008 and March 2009, the number of senior staff (grades A-E) has fallen from 13 to 12 and the number of other staff (grades F-J) has remained constant.
- 9.9 The establishment of the two new directorates was reinforced by holding separate directorate 'away days' in the first six months following the OD. Some members of staff took the view at the time that holding separate events such as this, in preference to the usual annual 'all staff' away day, was not conducive to achieving the aim of establishing 'one HEFCW' and was instead a divisive measure. However, recent evidence of continued cross-team and cross-directorate working has perhaps helped to improve the situation.

9.10 Staff feedback included reference to the poor level of internal communications in some areas evidenced by the reported need for one Head of Team to have ‘to check with numerous others....about relatively straightforward factual matters, or about what exactly has been decided in relation to policy areas’. Other comments included ‘It is a major worry, that after a year, ....that the senior management are still not actually very clear about who does what. This doesn’t really help staff feel very valued or as if they are making much of a noteworthy contribution’. Two members of staff added that they still get queries from senior management about areas of work they dealt with prior to the OD changes, over a year ago.

## **10 Conclusion**

10.1 In management’s view, there is evidence available to indicate that progress has been made in the first year towards achieving the aims of the OD, but it is clearly still too early to form a conclusive view. Comments from staff are mixed and although fewer than twenty responses were received in compiling this report, they indicate that some consider that there is not yet sufficient evidence to conclude that the OD changes have had a positive effect on our operations. Overall, a common view of management and staff is that there is much more to be done in achieving the aims of the OD and in meeting the new challenges facing HEFCW and the HE sector in Wales. It is proposed that a further review be compiled for Council in a year’s time to again reflect the views of both staff and management.

## **11 Financial implications**

11.1 There are no financial implications arising from this paper.

## **12 Communications implications**

12.1 This paper will be made available to HEFCW staff following the Council meeting.

## **13 Diversity and equal opportunities implications**

13.1 This paper has no implications for age, disability, gender, race, religious belief, sexual orientation or the Welsh language.

## **14 Risk Assessment**

Risk	Action to address risk
The outcome of the OD changes implemented in 2008 are not reviewed or monitored and therefore does not meet the objective of HEFCW’s operational plan.	HEFCW carries out its own review of the outcome of the OD changes and its aims and objectives and reports to Council.