

STANDING COMMITTEE OF TYNWALD ON PUBLIC ACCOUNTS

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AFTERNOON SESSION: 2.30 p.m. – 4.45 p.m.

Douglas, Wednesday, 26th January 2011

Standing Committee of Tynwald on Public Accounts

*The Committee sat in public at 2.30 p.m.
in the Legislative Council Chamber,
Legislative Buildings, Douglas*

[MRS CHRISTIAN in the Chair]

Procedural

The Chairman (Mrs Christian): Welcome to this afternoon's public session of the Public Accounts Committee. I am Clare Christian, Chair of the Committee, and the other Members of the Committee are Mr Butt, Mr Gill, Mr Watterson, Mr Cregeen and Mr Henderson. Our Clerks are Mrs Cullen and Mr King, and our *Hansard* reporter is Deborah Pilkington.

Can I invite everybody to ensure that they have switched off their mobile phones, please, and that means switched off, not just silent, because if they are on silent they can still interfere with our recording equipment. Can I ask you, too, when you speak, to do so, first of all, by stating, for the benefit of *Hansard*, your name and the capacity in which you are speaking.

The remit of the Public Accounts Committee requires it, among other things, to consider any financial matter relating to a Government Department or statutory body as may seem fit to the Committee and to consider such matters as the Committee may think fit in order to scrutinise the efficiency and effectiveness of the implementation of Government policy.

In that context, we have been investigating the setting up of the Corporate Leadership Group within the Isle of Man Civil Service. We heard oral evidence from Mr Houghton and Mr Stewart on 6th October last year. The *Hansard* for that session has already been published on the internet. Since then, Mr Houghton and Mr Stewart have submitted further written information and the Committee has invited them back for further discussion.

Welcome, both of you, and thank you for coming back in.

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Mr Houghton: Thank you for inviting us.

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EVIDENCE OF MR J R HOUGHTON AND MR K STEWART

Q113. Mrs Christian: Now then, if we could take a look at some of the issues that have been raised since our last hearing.

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Just for some background, can I ask you, Mr Houghton, when you became Chairman of the Civil Service Commission?

Mr Houghton: I think it was the summer of 2004. I think it was July 2004, Chairman.

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Q114. The Chairman: And when was the new CLG pay structure first proposed?

Mr Houghton: I think it was proposed in 2003?

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Mr Stewart: I think initial proposals were taken to the Council of Ministers by way of presentation some time in 2003, and then I think there was a further presentation later on, following presentations to the relevant union, Government Officers' Association, and I think to jobholders likely to be affected during 2004.

I think the return to the Council of Ministers with a document looking at performance and reward was early 2005

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Q115. The Chairman: Thank you. So, that was before you became Chairman, Mr Houghton, this was initiated.

Mr Houghton: Yes, it was.

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The Chairman: Right.

Mr Houghton: It was very much in its embryonic stages, of course, at that time.

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The Chairman: Right.
Mr Watterson, you have a question?

Q116. Mr Watterson: Just that the CLG pay deal was never approved by Tynwald, was it?

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Mr Houghton: No. It is not in order for it to be approved by Tynwald.

Q117. Mr Watterson: Can you tell us why it would not be approved by Tynwald, please.

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Mr Houghton: All pay which, of course, as you know, the negotiating bodies – the Civil Service Commission being one of them, of course – when they negotiate pay, they negotiate it on the strength of themselves being a negotiating authority. So when we, the Civil Service Commission, negotiate with the Government Officers' Association, it is done as a Joint Negotiating Committee basis, and that figure that is negotiated and agreed upon does not have to be approved by Tynwald or any other body.

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Q118. Mr Watterson: So this was not a significant enough change of policy to feel that it needed to come back to Tynwald.

Mr Houghton: It never needed to go to Tynwald in the first place.

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Mr Stewart: If I could just add a little to that, the Civil Service Act quite specifically gives authority to the Civil Service Commission to determine pay and other terms and conditions for the Civil Service.

The JNC process, which applies in respect of the Civil Service, is a constitution which is approved by Tynwald, but there is no requirement within that, because there are other mechanisms where there are disagreements, including an arbitration agreement, which would come into place automatically, if there were disagreements between the two bodies to the collective bargaining process.

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Mr Watterson: Thank you.

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Q119. The Chairman: From the beginning of this process, which was, I think you have said, 2003, there was negotiation going on – till when? When was the deal finalised?

Mr Stewart: The agreement finally was signed by the Government Officers' Association in January 2007, and the implementation date in that agreement was 1st January 2007.

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The Chairman: Right. Mr Butt.

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Q120. Mr Butt: Can I ask a question about the... once that had been agreed or the final plans worked out, was there a consultation with the Chief Minister or the Council of Ministers as to the likely impact that would have on the Government, on the pay scales, the wages etc, that needed to be paid? Did you consult with anybody, apart from agreeing it between yourselves and the unions?

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Mr Stewart: As with the other collective-bargaining bodies across Government, it would be a matter for the collective-bargaining body. There was no requirement, at the establishment of the Corporate Leadership Group, for any additional funding to be provided to Departments – they could manage that within their existing salary votes, and did so. Thus, there was no question about the requirement for the funding. Thus, there was nothing broader than that.

It was agreed, as I say, through the collective-bargaining process.

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Q121. Mr Butt: Thank you.

Was there any actual consultation with the Chief Minister or Council of Ministers over this issue at that stage?

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Mr Houghton: Other than, I am fairly certain, that the Council of Ministers would have been informed about it, appropriately, of course, and possible progression because they do have a very close interest. They are in the Chief Secretary's office in the operations of the Civil Service Commission and the Personnel Office, so I am quite sure that they would have been very, very aware of what we were doing and would have kept them updated on Annual Reports and the like.

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Q122. The Chairman: There are six objectives specific to the Corporate Leadership Group which have been incorporated into that January 2007 agreement. One of them is establishment of a Corporate Leadership Group that is corporate in outlook and action. We asked you in October for examples where civil servants were working together across departmental boundaries as a result of the CLG, and in the oral evidence and subsequent correspondence a number of examples have been cited – children's services, business development, international representation and so on.

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Could you pick up on one of those and explain for us again how the CLG has resulted in an improvement on what went before?

Mr Stewart: Do you want me to take that?

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Mr Houghton: Yes, do.

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Mr Stewart: I think possibly we talked about this when we appeared before the Committee in October and, I think, gave an outline of that. Perhaps one to look at would be in relation to the international arena, because I think that is particularly pertinent to the Isle of Man currently. What we have seen, in more recent years, has been a sea change in relationship between the Isle of Man, its Government, the UK, the EU and other major jurisdictions and the major international regulatory bodies – the IMF, the OECD and so on. What that has required is a much more... if I can call it co-ordinated and collegiate approach, both in promoting the Isle of Man internationally, developing international personality, defending the Isle of Man's position, its current rights and discretion to act and also defending the Island on what is, I think, an increasingly politically driven agenda internationally.

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What has been done, as you will be aware, is the Chief Secretary's Office has been strengthened to support the international work that is being done and, in relation to specific issues, officers are drawn from various Departments and Boards of Government to work together to both promote and to defend the Island's position. There are many examples of this over recent years: the IMF review; zero:10; the Foot review; some of the committee inquiries from Westminster – if I remember correctly, the Treasury

140 Committee was inquiring into issues *vis-à-vis* the Crown dependencies, and so on.

145 So a great deal of work has been done, I believe, on a much more collegiate basis than has been so in the past. Where, as you are aware, previously there have been criticisms of Departments and of senior officers generally working on a silo basis, I think we have seen a sea change in that, in recent years. Part of that is, I think, to do with the expectations set out through the Corporate Leadership Group and also in response to the requirements at the time.

Q123. The Chairman: Are you suggesting, then, that there would not have been such discussion before the Corporate Leadership Group had been formed?

150 **Mr Stewart:** My sense of it is that, in more recent years, that has been much more comprehensive, but of course, the nature of the challenge to the Isle of Man has been somewhat different as well, in more recent years.

155 **Q124. The Chairman:** Presumably, a reasonable response could not be achieved, unless there was such collaboration.

Mr Stewart: I think collaboration is fundamental to success, absolutely.

160 In many issues, we have seen the key regulatory bodies on the Island, the FSC particularly, working with the Treasury, and so on, to also engage with other officers in Government – the Chief Secretary’s Office and so on – to put forward a comprehensive view from Isle of Man Government, rather than individual entities dealing with their own areas autonomously.

165 **The Chairman:** Thank you.
Mr Cregeen.

Q125. Mr Cregeen: You state that it has been a benefit, but would you not also look at it, that it could have been under performance from the officers before. It has taken this... they should have been doing it before, so previously they were under-performing and people had failed to actually deal with the situation earlier on.

170 **Mr Houghton:** I do not really think that you can assume anything like that unless you had it evidence-based, but I can only speak from the experience I have had now in government, through the House of Keys, that there was this silo mentality thinking of the past. That now... I have seen a marked improvement... looked for it and seen a marked improvement, but it is based on perception, as well – as best as possible we can try and evidence base it – but it is the perception of it as you go about doing your business and you aware that someone you are speaking to in the Department is aware of what is going on in another Department in order to facilitate matters going forward. So it is a very difficult one to give you an exact answer.

180 **Q126. Mr Cregeen:** So, the Civil Service Commission never evaluated the officers’ performance before the Corporate Leadership Group?

Mr Houghton: In what way? In the perception of collegiate approach, do you mean?

185 **Q127. Mr Cregeen:** To see if they were performing properly and to what the economy needed. Surely there should have been ongoing performance review, from when somebody takes up their job, not just waiting for a change of circumstances in the economy to happen? It should have been developing all the way through, instead of suddenly –

190 **Mr Houghton:** If we are dealing with the performance review situation, of course, as we mentioned at the last hearing the PDR – the performance review scheme – has been developed, and of course it is subject to ongoing improvements as we move forward. I cannot explain to you anything before my time, but shortly after my time, we brought in what I would say a much more beneficial PDR scheme that came in about a year after I came in as Chair of the Commission, so I am only able to give you what we have...
195 the improved performance scheme that was brought forward. I am not able to explain as to what happened previous to that.

The Chairman: Mr Butt.

200 **Q128. Mr Butt:** Thank you.

Mr Stewart, you have stressed how one of the advantages has been how we deal with things internationally or with outside agencies and how that has been a better approach by us, because of this group that has been set up. My memory of the actual presentation to Tynwald in 2006 or 2007, I do not think that was actually raised as an issue as to why it was being done. I may be wrong, and I would appreciate some evidence that that was one of the reasons as to why it was being done. Could it be that this is just a by-product, almost, of the group being set up, that you think that, internationally, we are dealing better with people because of our better, maybe, training or awareness or working together?

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210 **Mr Stewart:** I think the international interface is simply an example of the Commission's intent, in terms of improving corporate working and collegiate working across the Civil Service and, more broadly, across Government.

Q129. Mr Butt: Could you let us know, then, if there was in the original briefing that we had in 2006 or 2007... was that one of the declared intentions of this group to...?

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Mr Stewart: Oh, yes, and working corporately was set as one of the objectives for the Corporate Leadership Group (**Mr Butt:** Yes.) that is part of the whole –

Q130. Mr Butt: But the international impact, that is one you have emphasised here: is it, specifically...?

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Mr Stewart: I have simply responded to an example of... we could talk about Children's Services, we could talk about the establishment of child guardian committees and so on, that whole structure. That would be another example of that, of key Departments working together, I think, hopefully, more effectively in support of the protection and development of children.

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Q131. Mr Butt: I agree with that but I think we did raise it at the last session that that would have happened, anyway, because of the Commission of Inquiry Report which said we had to work together. The fact that we do –

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Mr Stewart: I do not disagree with that, but I think this is about developing culture and attitude as an approach to issues.

My sense of it, as I know the Chairman has already said, is that senior civil servants do work together much more collegiately than I would have said would have been the case 10 or 15 years ago, in my experience as a civil servant.

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I would imagine that working within Departments you, as political members, would see not only the intent to pull together in that way, but examples of it.

Q132. The Chairman: The second objective is support for the CLT through enhanced learning and development, and you wrote, in a letter dated 16th February 2009, that plans are currently being developed for a series of workshops on leading change, specifically targeting members of the CLG. Has that progressed?

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Mr Houghton: Yes. Keith, I am sure, will look up some details that he has on file. That has been ongoing. There have been courses at the International Business School, involving in the average of 10 CLG members working together on that. I understand there are three or four courses. Keith will clarify all of this.

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There are three or four courses of those that happened in the last year, and so work is ongoing in order to continue that improvement.

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Mr Stewart: Management of change was one of the issues which was identified as a learning opportunity for the Corporate Leadership Group in... it was 2009, I think you referred to.

From my notes, six programmes were run with the International Business School, aimed primarily at the Corporate Leadership Group, so they would be groups of about 10 or 12 in what I think were two-day events, if I remember correctly, capturing probably around 50 members of the Corporate Leadership Group and some of the senior officers for whom that was particularly relevant. So they were done.

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The Chairman: Mr Watterson.

260 **Q133. Mr Watterson:** I just did not quite get how many members there, because I think Mr Houghton said 10, and –

Mr Houghton: About 10. Ten to 12. A group of around about 10 on each occasion.

265 *Mr Stewart:* If I remember correctly, there were six separate events, ‘Managing Change’, each a two-day event and each would have something in the region of nine, 10, 11 per event.

270 **Q134. Mr Watterson:** So, as a proportion of the Corporate Leadership Group, how many of the Corporate Leadership Group will have attended one of these events?

Mr Stewart: The ‘Leading Change’ event, I think CLG members was just under 50, if I remember correctly, so that would be what – approximately two-thirds or thereabouts, the group being a little over... I think the current number is about 74 posts.

275 **Q135. Mr Watterson:** So 50 out of 74 have gone through. So that is about two-thirds. So the other third, in the last two years still will not have had a course on leading and managing change?

280 *Mr Stewart:* There will be some who have not been through that process. They may have had other learning and development relating to managing change and it will be a balance between the relevant priority in their job and other duties, the extent to which that is seen as a priority learning issue for them at that time.

The Chairman: Mr Gill.

285 **Q136. Mr Gill:** Thank you, Chairman.

How do you measure the corporate outcome and benefit, hopefully, of that training that you have just described? You have told us we have moved from a silo world to a new world of corporacy. How do you measure that journey. In particular, how do you measure the benefit of that specific –

290 *Mr Houghton:* I think it is very difficult to measure it and I would ask if you would have an inward look yourself, and the rest of this Committee – especially for those people who have served long periods of time in Tynwald and in Government Departments, – to see what you think, because a lot of it is based on perception.

295 To make it evidence-based is very difficult. You can mark people on the course, but you want to see the actual effect and that was what I was stating earlier, that the actual effect that this bringing... doing away with the silo mentality is having on the processes and the machinery of Government.

300 **Q137. Mr Gill:** The training that you are putting such emphasis on, there is no outcome, measurable outcome from it. It is a perception.

Mr Houghton: Because they go back into their Department and work and have the ability to see a wider world than actually working – I keep on going back to this silo mentality scenario.

305 **Mr Gill:** We cannot measure that –

Mr Houghton: It is very difficult.

Mr Gill: It has to be based on face value...

310 *Mr Houghton:* I am sure you must agree that it is a very difficult thing to try and measure in that particular regard and, of course, you have to remember that we are operating with a very small learning and organisation development team in the Personnel Office that have not got masses of resources to measure every single issue that comes before us. What is important is that we do get these... we do increase the ability to educate and inform as we work our way forward across the piece.

315 **Q138. Mr Gill:** What measurements do you make, then, to test that perception from people who have been through that training, at periodic junctures after the training? Do you have follow-ups on how they think it has affected them?

320 **Mr Houghton:** Can I suggest that that is likely to come through – very likely to come through – on their annual PDR.

Q139. Mr Gill: So you do not measure that, either.

325 **Mr Houghton:** Measure – ?

Mr Gill: You do not measure the perceptions of the people who have been through this training, which you put so much emphasis on, how they think it has improved their corporate – ?

330 **Mr Houghton:** We obviously get feedback from them, but that is different from measuring it. I take your point entirely. The issue with measuring something is that you need to have a yardstick to measure with, and, of course –

335 **Q140. Mr Gill:** If you have that feedback, would you be able to anonymise it and pass that to us, so we can have the benefit of that presumably positive feedback that you have?

Mr Houghton: But what I am trying to say is that that is feedback. If you remember when you go on courses, you put the feedback: how did you think this course went? Do you think it will assist? Of course, they work things forward – but that is not a measurement in the way I feel you are asking.

340 **The Chairman:** Mr Watterson.

Q141. Mr Watterson: They said it was almost impossible to mention... but if I can perhaps throw a few out there to see if these are done. No doubt, within a Corporate Leadership Group member's PDR review process, they will have a series of objectives to achieve. Some of those will fall under the heading of change management, whether it be implementing the restructuring of the Department, for example, which would be a very recent example – presumably the success or failure against that objective will be assessed.

350 **Mr Houghton:** Exactly as I have answered Mr Gill, moments earlier. That is exactly the issue: the only place it will come out and be borne would be in the PDR process.

Q142. Mr Watterson: So within that PDR process you are doing that measurement. Therefore, can you tell... Will you have, then, statistics, figures or analysis on how many of the Corporate Leadership Group have achieved against what could be considered leadership, leading-change type indicators?

Mr Houghton: Can I just say that we have a difficulty here. Yes, in an ideal world, and with a massive amount of resource you could do all of these things. You must remember that the Corporate Leadership Group – it sounds strange – is not a *group*. It is a diverse set... It is a diverse area of our senior management in the public sector, and that is the issue that we have.

360 They are not a group to say, 'Oh, well, this particular officer in this Department has got a much more glowing way of operating than that officer in that Department.' It does not work that way, because they do not sit together as a group, (*Interjection*) but they are obviously... In their own right, of course, they have their own targets that they must meet in their own areas in their own Departments, so diverse it is.

365 **Q143. Mr Watterson:** So there will be issues in there, that will relate to leadership and change management within their PDR?

Mr Houghton: Yes.

370 **Q144. The Chairman:** They will be assessed against those objectives by the Chief Secretary and the Minister?

Mr Houghton: The Chief Executive.

375 **Q145. Mr Watterson:** And for Chief Executives, for those further down the scale?

Mr Houghton: Yes.

380 **Q146. Mr Watterson:** So, what we are saying is, that the PDR process has not kept pace with what we are now trying to achieve, in terms of the six objectives, so that they are not in any way being linked to leading change, for example, as one issue. They are just giving a 'here are your objectives' and they are not in any way linked into the objectives of the Corporate Leadership Group?

385 **Mr Houghton:** No.

Q147. Mr Watterson: They do not fall under those sort of headings?

390 **Mr Houghton:** I think the way that you have got it, you have got it regimentalised, the whole system in a regimentalised way, which is not the way I, from a political aspect, see the whole machinery of the CLG arrangement being set up.

We want to educate and improve standards at all times – and these are all senior standards – in a way that brings the prosperity that we all very badly seek now, for those especially working off Island, right down to the other members of the Corporate Leadership Group in ordinary areas in Departments, who themselves need to lead people forward from their aspect.

395 We are talking about people who may need to go away and manage themselves in a professional way on the world stage, to ordinary senior management, of many hundreds, if I may suggest, of employees.

400 **Q148. Mr Watterson:** My difficulty arises that you have got a PDR process; you have got a set of objectives, but the two just do not dovetail.

Mr Stewart: No, I think perhaps we need to turn that over, which is a point we made previously.

405 Fundamental to delivery across the whole of the central Government public service is the Government's Strategic Plan. Sitting with that will be individual Departments' service delivery plans. The objectives for senior officers and chief officers tend to flow primarily through the Government Plan, through the Department's service delivery plan, and it will be in the context of those elements which are directly relevant to those jobs that these individuals will be assessed. That is an assessment that takes place within Departments at that interface between job holder and reporting officer.

410 **The Chairman:** I am anxious that we should move on a little bit. We have got quite a lot of questions still to ask.

Mr Cregeen was the next person who wanted to put a question. Briefly, please.

415 **Q149. Mr Cregeen:** You were talking earlier about the silo mentality. Mr Houghton and myself were recently on a working group, and one of the things that we were constantly coming up against, across Departments, was this silo mentality. We were constantly going on to officers that they should be talking to each other. One of the recommendations was that a working group should be set up and a political head would be in charge of it to ensure officers met.

420 Surely that should not be needed, if the Corporate Leadership Group is trying to get people to work outside their silos. They should not need a political poke, to make sure they do their job properly.

425 **Mr Houghton:** I am not sure, Mr Cregeen, whether you are putting words in my mouth, as to what our conversation was and how you understand it to have taken place. You would have to remind me of that. But the only way that I can see as an answer to all this is that we are... and we intend to continue to bring about improvements going forward.

The Civil Service Commission itself is a commission which is the employer of civil servants but does not see those civil servants on a day-to-day basis, and – as we know – the management structures obviously work their way through each particular Department, Board or Office.

430 What I want, and what you want, when we talk politically on many, many occasions, is the best, and then, when the best comes, we are never happy about that, we want even better. That is the way to move forward. It is the only way I can really answer.

435 **The Chairman:** Right, final question on the enhanced learning and development aspect of this. Mr Butt, you wanted to make a point?

Q150. Mr Butt: Yes, just one point about measurement. You say it is difficult to measure perceptions etc. which it is, but we need some rigour in this and you need some baseline to start from. I think you mentioned about a baseline to measure from.

Because it is difficult to measure perception, does that mean you are not going to do it, or would you

440 actually do so? You have people in your Commission, who I think would be able to prepare a questionnaire for 74 people only, as to how they perceive the silo mentality, how they perceive the training etc. An example I would give is the Hospital survey all their patients every year, 10,000+ patients to get a perception of how they think things are working. Then they get a baseline and work from that every year.

445 Is it possible and will you set a baseline for the Corporate Leadership Group and do some sort of survey, some sort of perception survey to find out where you are and where you need to move to?

450 **Mr Houghton:** Can I say that I thank you for your suggestion and we will take it away, but there you have the difficulties: another form, another questionnaire to fill in, and of course you are asking, as you rightly say, the people in the Hospital to ask are the patients. Here, it is very difficult to ask the customers because it is so diverse around Departments, but we will take it away –

Q151. Mr Butt: But you accept that because it is difficult, does not mean it should not be done?

455 **Mr Houghton:** No, and I am not trying to do that, but it is trying to find a way to do it and then find the resources to do it, of which I am sure you will agree with.

460 **Q152. The Chairman:** I would like to move on to another point in the six objectives and that is the point that active management of the CLG as a corporate resource is one of the objectives.

You referred earlier, Mr Houghton, to the fact that this is not a composite group – they are not a group. So what does active management of the CLG as a corporate resource actually mean?

465 **Mr Stewart:** What the Commission was looking to do, at the time that CLG was established, was to deploy senior civil servants more actively on a corporate basis and what we are seeing, particularly in relation to development opportunities, that kind of thing taking place: people moving on short-term secondments, people moving on development opportunities to take them out of their normal areas of activity, sometimes out of their comfort zones, to extend knowledge, skills and experience in the longer-term benefit of the Civil Service and Government as a whole.

470 There are a wide number of examples of those kind of development opportunities of secondments over the last two or three years.

Q153. The Chairman: So, you are talking about the Civil Service managing their placements effectively, are you?

475 **Mr Stewart:** No, I think it is more than that. It is about individual jobholders getting the opportunity to move into other areas of the work of Government, to develop skills, knowledge and experience.

480 Normally, we would deploy individuals on a development basis, but the other side of that can be to deploy individuals who have knowledge, skills or experience to deal either with particular job roles, if there was a vacancy at a particular time, or to work on particular projects, as are required.

485 **Mr Houghton:** And, Chairman, of course, as you and the Committee will understand that, to a certain extent – although we would like to do it in certain specialised areas and continue doing that – this whole issue has been taken over by events now, where shared services are coming in, where people are being moved around now and it will be happening as a matter of course, on a wholesale basis, as the shared services agenda really takes off. Of course, everybody must understand that is outside the Commission's brief; it is the Council of Ministers.

490 **Q154. The Chairman:** So, can you manage the Corporate Leadership Group as a corporate resource, without managing the chief executives as a group?

Mr Stewart: That is a very interesting conundrum and one, frankly, that the Commission has to wrestle with in relation to very many issues as they come along.

495 A departmental chief executive's accountability is to the Minister of the day and the Commission cannot interpose itself into that relationship. What the Commission seeks to do is to use influence, and to involve, where practical, members of COG, senior and chief executives, in decision-making as we go forward.

There is always a balance between the drivers from a Department perspective and the broader drivers, which are Civil Service-wide drivers, but we have had quite a lot of success in recent times, particularly around short-term secondments, in gaining the release of individuals and also the placement of

500 individuals into other areas of Government, either to fill vacancies on a short-term basis or as broader
development opportunity for the future.

Mr Houghton: And, of course, that can only be done with good liaison between Departments. The
505 Civil Service Commission cannot instruct Mr Gill to take over Mr Watterson's job and, likewise, in any
employment arena. It is in order to work, basically through our chief officer, who obviously goes to sit
and meets with COG, for chief executives in Departments to agree to these voluntary transfers, in order to
reach the requirement that we are looking for. We cannot send anybody anywhere as a Commission. You
will understand that, Mr Butt.

510 **Q155. Mr Butt:** I think you have in the Hospital, actually – you do have the power to do that.

Mr Houghton: We have the power to do it in exceptional circumstances, but this is a day-to-day
515 thing, to move... You are talking about exceptional circumstances in a completely different scenario,
when somebody – and we are moving right off –

Q156. Mr Butt: You have the power to overrule a chief executive if you need to.

Mr Houghton: But we do not do it in this way. This is all about volunteering and encouragement, of
520 course, for people to gain experience, not to do something different in a different arena that you are
saying. It is the Department staff, and civil servants, like any staff, are managed by their own
Departments.

Q157. Mr Butt: It is a different circumstance, I know, but you do have the power, if you wish to, as a
525 Commission.

Mr Houghton: But we would never use such powers in this particular case.

Mr Stewart: Can I perhaps deal with that for Mr Butt.
530 The answer is both yes and no. The issue is the Civil Service Act, which, while it gives the authority
to the Commission to appoint, gives the right of veto, in essence, to a Department, to the Minister or to a
Board over any appointment at grade 7 level or above. So the particular situation that you are referring to
was in respect of, relatively speaking, a junior member of staff of the Civil Service, where the
535 Commission can deploy and redeploy. But at grade 7 and above, which includes, of course, the Corporate
Leadership Group, the Minister or the Board itself has a veto over any appointment at that level. So the
Commission cannot in respect of the Corporate Leadership Group. It has to be done through engagement
and influencing.

Mr Houghton: And this is an experience-based scheme.

540 **The Chairman:** Mr Henderson.

Mr Henderson: Not at this point, Chair, thank you.

545 **The Chairman:** Yes, Mr Gill.

Q158. Mr Gill: Can I ask Mr Houghton to take any departmental chief executive, any one... who is
his boss?

550 *Mr Houghton:* The Minister.

Mr Stewart: Can I perhaps add some words to that because the word 'boss' assumes a line
management relationship; there is not one in respect of a departmental chief executive. I think it is the
555 ministerial code that describes the relationship as 'a partnership' between a chief executive and a
Minister, but it is not an 'equal partnership,' I think, is the phrase that it uses.

A chief executive has a reporting officer – the reporting officer being the Chief Secretary – but the
Chief Secretary is *not* the line manager. We have to be very careful about the constitutional position of
Ministers and their accountability for the work of their Department; thus, the chief executive is
accountable to the Minister.

560 **Q159. Mr Gill:** So, who is the chief executive's primary loyalty to: to the Department, to the Minister, to the Corporate Leadership Group, to the Civil Service, or to the Government?

Mr Houghton: No, to the Minister. That is the policy.

565 **Mr Stewart:** Principally, they are accountable to the Minister, clearly, and of course the Minister will have a focus on the work of the Department.

The Minister, though, as a member of the Council of Ministers, will also have an element of their remit which is corporate-wide and thus the two together, as part of the partnership – departmental chief executive and Minister – should be working both along the lines of the priorities and requirements of the Minister for the Department, but also contributing to the broader corporate whole.

570 That, in essence, is what the creation of the Council of Ministers was about, as I understood it.

Mr Henderson: I think we need to clarify that, Chair, if I might.

575 **The Chairman:** Yes, Mr Henderson.

Q160. Mr Henderson: As far as I am aware, Mr Stewart, the Minister is the Department – in law.

580 *Mr Stewart:* That is absolutely right. Yes, that is correct.

Mr Henderson: In legal statute.

Mr Stewart: Yes, that is right.

585 **Q161. Mr Henderson:** So when you say the chief executive does not have a line responsibility to the Minister, surely it would follow from what we legally know the Minister's position to be, if the Minister wished to issue a direction to the chief executive –

590 *Mr Stewart:* Oh, yes, that is right.

Mr Henderson: – he could direct the chief executive. The chief executive might not like it and he might complain bitterly to the Chief Secretary –

595 *Mr Stewart:* Or even the Minister direct.

Q162. Mr Henderson: Legally, though, he would be... or contractually, he would be legally bound to carry out that instruction.

600 *Mr Stewart:* Absolutely. It is that accountability relationship which is what we are talking about.

The Minister, in the context that I understood the question, is not the line manager – that is a different role – but the chief executive is directly accountable to the Minister, as the Chairman rightly says.

605 **Q163. Mr Watterson:** In terms of the PDR system, the PDR is done for the chief executive by the Minister and the Chief Secretary, and it is ultimately the Chief Secretary who will approve that PDR, not the Minister. Am I right there?

Mr Houghton: That is right.

610 *Mr Stewart:* That is correct. Can I just say a word or two about it?

In terms of the PDR scheme, the reporting officer for the departmental chief executives is the Chief Secretary. The Chief Secretary, under the scheme, has a duty to consult with the Minister but, ultimately, the outcome of the PDR scheme is a matter for the reporting officer, who is the Chief Secretary.

615 **Q164. Mr Watterson:** So, no matter how dissatisfied a Minister is with the performance of his chief executive, that chief executive's PDR is done by the Chief Secretary.

Mr Houghton: One of the main purposes – to be helpful – I think this was set up in this way, is because Ministers move on and a Minister does not resign at the end of December or the end of March during the financial year but, of course, the Chief Secretary is there for good and all and, of course, it is

620 the continuity purpose that I think this is... and, of course, the Chief Secretary being Head of the Civil Service would be the right and proper person to have those line managerial responsibilities.

Q165. The Chairman: Mr Houghton, would you accept that, in a letter from the Chief Secretary, it was stated that :

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'I have no other means of assessing chief officers' performance within their own Departments' offices, other than speaking to the Minister.'

Mr Houghton: Yes, and I think we have to... A new –

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Q166. The Chairman: So it does not matter that the Minister moves on. She has still got to speak to him or her.

Mr Houghton: Of course she has but, as I say, if a person doing... if a Minister... The Minister, as you know yourself, Mrs Christian, leaves office, they are out of the Department and locked out of the Department, as you know, and so, of course, if, for instance, there has been almost a year for the annual appraisal to be undertaken and the Minister has just left and not able to do all of these things, I think there is a break in the continuity there. So, structurally and administratively, I think it is the right thing for the PDR to be done by the Chief Secretary in this case.

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Q167. Mr Watterson: Ministers may come and Ministers may go, but it is ultimately the Minister who has to set the policy and be in charge of the Department.

Mr Houghton: Yes.

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Q168. Mr Watterson: How, then, do you safeguard the fact that the chief executive, no matter who his Minister is – and it may change three times a week – they still have to serve the political wishes of that master...? How on earth does it tie in that it is not ultimately the Minister who determines...?

If that chief officer were, for example, to be belligerent and say, 'Don't worry, you'll be gone in a year, matey, I'll just bide my time,' there is very little a Minister can do about that – or would you suggest that there are other ways, and if so, what are they – to ensure that chief officers are actually having to carry out the political wishes of their masters?

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Mr Houghton: The chief officers, do not forget, have to carry out political wishes of their masters, but within the overall sphere –

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Q169. Mr Watterson: But does that happen, though, Mr Houghton?

Mr Houghton: The Minister makes that happen. The Minister, if he is worth his weight, makes that happen. He should be overseeing the operation of the Department. He meets on a weekly basis in CoMin. CoMin want a policy of whatsoever is required to be done. He then must update his chief executive as to what the requirements are and be briefed as to how those matters are working out.

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Q170. Mr Watterson: But, ultimately, he has no stick. He may have a few carrots at his disposal, but no stick.

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Mr Houghton: I think you will find, if you have not already noted, if there was any wayward chief officer, matters would soon be put in place, that that chief officer would be able to –

Q171. Mr Watterson: What is the system?

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Mr Houghton: The system is this – if we just take it hypothetically, because I have not seen the necessity for this to happen, in my time in the Civil Service, and Mr Stewart will probably give you some more technical support on this: what would happen, if there was a problem with a chief executive, of course, and it was a serious problem – not over one issue; a serious problem – is there would have to be an adverse report evidenced for disciplinary measures to take place.

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What I absolutely conclude with in this case is – just speaking very much on the spot, here – I know not of any recent example, or during my time – I will stand corrected – that that action has ever needed to have been taken. Of course, it would not be the Minister on his or her own, to take this action; it would be through the Chief Secretary, and it would be a matter of grave concern.

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685 **Q172. The Chairman:** The PDR process, if I can go back to that, please: when you gave us evidence, Mr Houghton, you said that before the CLG, most chief executives were never really PDR'd in any way at all. However, Mr Stewart has told us that the PDR scheme came in in April 2006 and that all Civil Service chief executives were subject to the scheme. So, do you stand by the statement that before CLG chief executives were never PDR'd? Why do you say that?

690 **Mr Houghton:** Why I said it, of course, is... and I am just trying to recall now what I said and the way that I said it.

695 When we are asked these questions before the Committee here we are doing our very best in recollection and so on, and I think I had that misjudged with the fact, at that time, that the Chief *Secretary* was never PDR'd, which is not the case, and I have mixed that with chief executives, mistakenly, when I am speaking from pure memory. It was because, of course, myself and Mr Stewart, when we left, we reviewed what we had told the Committee and then followed up in writing back to the Committee the absolute situation so the Committee can be as best informed as possible.

Q173. The Chairman: Thank you.

Does the Minister see the final report on their chief executive officer?

700 **Mr Stewart:** Only if the chief executive decides to show it to the Minister.

Q174. The Chairman: So the Minister cannot know whether their views are reflected in the report of the Chief Secretary?

705 **Mr Stewart:** Fundamentally, the report is between the departmental chief executive and the Chief Secretary. The Chief Secretary will have consulted the Minister, who will have, hopefully, made comment about positive aspects of performance and any aspects of performance which needed to be developed, improved or changed, and that would be fed in.

710 But no, it is not automatically given to the Minister by the Chief Secretary. That is a matter for an individual departmental chief executive.

The Chairman: The fourth objective is succession management for CLG.

Mr Cregeen, do you have any points you want to raise on that, please?

715 **Q175. Mr Cregeen:** We have recently had a number of chief executive senior posts being replaced. How do you judge, in the short period of time before they leave, that you are suddenly in a position where you have not JESP'd the old position, knowing that the person is going, and that you have actually done some succession planning for that position when it is due to be available?

720 **Mr Stewart:** Can I perhaps start with that?

725 If I can deal with succession planning first, what the Commission has in place is a succession planning or management process which is looking to engage with individuals both with the ability to move further on in the Civil Service and a willingness to do so, and to provide opportunities for development in context which, in particular, if we are talking about chief executive job roles they may be going to, there are a broad range of generic skills and blocks of experience which would be relevant across many departmental chief executive job roles.

730 What the Commission has tried to do, through the succession management process, has been to take opportunities as they have arisen, to give suitable individuals broader opportunity – and there are quite a number of examples of them: one, Mr Henderson will recall, I think, with Nick Black, who moved as chief operating officer, I think, into what would be the Department of Tourism and Leisure at the time; Mark Kelly, who more recently moved as acting chief executive to the Department of Home Affairs; and an opportunity, actually, which Will Greenhow took up, which was a secondment into the Chief Secretary's Office for a period of time.

735 **Q176. Mr Watterson:** How are they recruited, for want of a better expression, into those short-term secondments or job-shadowing roles? Can I ask that?

740 **Mr Stewart:** There is a working group, which is chaired by the Chief Secretary, which includes, if I remember correctly, a departmental chief executive and a Statutory Board chief executive, who is also a civil servant, but the initial onus is on individuals to make their intent known to the group through,

essentially, an annual application process which senior civil servants have the option to apply for, to indicate that they are looking for an interest in development and particular areas in which they consider development to be relevant, and that group will then, looking at those applications and looking at opportunities as they arise, look to match one with another.

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Q177. Mr Watterson: So, for example, in the Chief Secretary's Office one, that must have been, therefore, the Chief Minister and Chief Secretary together who determined who went on that job secondment and, as far as I am aware, only one person was able to do that job shadowing. Does it not give the ability to the Chief Secretary to somewhat stack the deck when it comes to the appointments process?

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Mr Stewart: Can I perhaps take the point about shadowing in the Chief Secretary's Office?

Mr Watterson: Yes.

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Mr Stewart: As I understood it, at the time that that was established, I think there were three or four departmental chief executives who had expressed interest in that opportunity, that a timeframe had been agreed over a year/18-month period, and then the Chief Secretary resigned, I think, or announced her retirement much earlier than was intended.

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So Will was the first and he would have been followed by others, on a structured basis, had the timeframe not changed because of the Chief Secretary's decision.

Q178. Mr Watterson: Which brings us neatly on to the second part of the question about the Chief Secretary's ability to stack the deck when it comes to appointments.

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Mr Stewart: No, permanent appointments are made by the Civil Service Commission and the recruitment panel for that, for a departmental chief executive, would be the Chairman of the Commission, the Minister for the Department and the Chief Secretary, so in that context the Chief Secretary is a minority of three, it is a single voice within three.

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Mr Houghton: And of those, the decision maker is the Chairman of the Commission and the Minister.

Q179. Mr Watterson: It would, of course, have been quite an influential thing to have said that they had shadowed the Chief Secretary for a period of time.

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Mr Stewart: Also, of course, we have made the point about the Civil Service Act. No appointment can be made at this level without the concurrence of the Minister, so I would not necessarily agree with your contention that the Chief Secretary, as you say, 'stacks the deck'.

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Q180. Mr Cregeen: But the thing that you have got is that the Chief Secretary was able to set who goes when to shadow her, then decides when she is going to resign and, if part of the job description is 'Have you shadowed the Chief Secretary?' – 'Yes' – and that goes to the Minister and says, 'Well, yes, this is where the criteria...' because I have seen the criteria before when they were looking at other positions and it becomes, 'Well, have you done this? Have you ticked the box to say that you have done all these pieces?' whereas, in the Chief Secretary's position... If you go back to Nick Black's position at DTL, as a Member who was in DTL at the time, Nick Black was not sent in there to shadow, he was sent in there to assist on the motorsports, not shadowing, so –

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Mr Stewart: Absolutely right. The opportunities are not normally shadowing opportunities as such; they are to take on real pieces of work, to contribute to the work of a Department.

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Q181. Mr Cregeen: But surely, you would have put somebody in there who would have shadowed an acting chief executive, not in another part, because surely that is what it is all about: shadowing a chief executive, not working in a different area from where the position is going to be?

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Mr Houghton: Can I say that, in that particular scenario, again in an ideal world, yes, that is what you would do: have someone working with the chief executive, working in the same office and being completely shadowed, rather than taken away to deal with other large pieces of work, which is what has happened, but within the chief executive's office in that particular Department.

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That is an ideal world. What happens is that various storms come forward that we know, going back

to the Chief Secretary's shadowing plan where, in the end, the plan went awry, simply because of very large issues such as the banking and financial crisis, etc, one thing after another and, of course, those shadowers could not be deployed as was planned, just because of operational reasons.

805 It is an ideal world scenario to do this, which is what we want to do: that is the purpose of what we are trying to move forward, but then, when it comes to actually the day-to-day operations and organisation, it is not always as easy as that.

810 **Q182. Mr Cregeen:** Isn't that a failure in the succession planning? If you are unable to go and put a train of work there for somebody to do the shadowing, for whatever reason, that is a failure. If you have not been able to get three people to shadow the Chief Secretary, if you have not been able to get somebody to shadow the chief executive in DTL, that is a failure in the Corporate Leadership Group in their succession planning.

815 **Mr Houghton:** No, I refute that completely. The situation with shadowing someone is an ideal world scenario, because that is what you want them to do, so that you can grow the professionalism within the Service. That is the purpose, but if there are other factors impinging on that, such as your day-to-day responsibilities in Departments and so on, of course, depending on the person who is scheduled to be allocated to shadowing a senior officer, such as a chief executive, that particular person, if we want to continue to operate the machinery of Government when there are other issues afoot, we need to have 820 those people in the place that they are employed to be, not gone for six months shadowing somewhere and the workload that they have difficult to backfill.

825 **Q183. Mr Cregeen:** The other position is, in the Department of Home Affairs, a recent position there... Can you tell us how many people had been shadowing chief executives who could have applied for the Home Affairs job, apart from the person who got the job?

Mr Houghton: There was only one, and you know that.

830 **Q184. Mr Cregeen:** And, surely, that is another failure in the succession planning, and, as Mr Watterson said, stacking the deck, because the person who you want to get the job is the only person who shadowed it.

835 **Mr Houghton:** Can I put it on the other foot? If we had done nothing for succession planning, you would be driving a horse and cart right through our argument. When we try to do something and set it all up, and for the reasons that happened, the reasons that came in place... for operational reasons, there are difficulties in actually achieving that, because of operational reasons and factors that come into place that we all know only too well... but it is our job to try and foster these approaches going forward, not a case of setting something... 'Oh, put him in,' and make it look as if we have got some sort of behind-the-scenes conciliatory plan. We have not got that at all. 840

Mr Cregeen: But –

The Chairman: May we move on? I think we have asked the question.

845 **Q185. Mr Cregeen:** – we have pulled four there where it has not worked: Chief Secretary... So we have got four. Can you give us one position where you had more than one person shadow, and then successfully given somebody a job, because there has been more than one person who has shadowed that job?

850 **Mr Houghton:** Can I just take that point back, where you said that is something that has not worked. It has. The person who was doing the shadowing ended up having the job, but not just because of the abilities and the experience he got when he was in the Department, but because he was the right person for the job.

855 **Q186. Mr Cregeen:** If nobody else had shadowed... Can you give us one example where more than one person has shadowed and applied for the job?

Mr Stewart: There are wider... There are...

860 **Mr Cregeen:** It is yes or no.

865 *Mr Stewart:* I think you have got the wrong end of this. As shadowing or secondment opportunities come up, we look to use them. Now, when jobs come up, we often do not have an answer to that. There will be individuals who will shadow elsewhere, who may be appointed. It is about developing a broad range of knowledge skills and experience, to make people as marketable as possible, as the more senior jobs become available.

870 The Chairman makes the point, and I would agree with him, and that is that the secondment and shadowing process is actually successful in its way, because these individuals who are going through the process *are* being appointed to more senior jobs.

Q187. The Chairman: Can I ask you, though, before this process was developed, there were not many appointments to senior posts that were external to the Civil Service at the time, were there?

875 *Mr Stewart:* At chief executive level, very few, relatively speaking, going back over many, many years.

Q188. The Chairman: So there has been internal appointment, in any case.

880 *Mr Houghton:* Yes. If I can just speak generally, Chairman, the internal person is more likely to be a stronger candidate – simply because he knows the job – than the external one. That is what supports the view on succession planning: if somebody has had the experience of shadowing someone or trying the position out for himself – because in Home Affairs, that was not a shadowing commitment... The Chief Executive of Home Affairs shadowed the Chief Secretary, but the person who has now got the job spent five months in the Department of Home Affairs, running it off his own bat, not shadowing someone.

885 But the other point that has a very valued effect is that this particular candidate is able now to hit the ground running, as it were, but also he has proved himself in the role for five months and we know that he will be adept to taking the role on. How do we know if we brought somebody in from the United Kingdom – which we can do and so on – into a most senior position like that and they do not make their way, what are we to do then? We have got a major job then in either training, assisting or, eventually, if that is no good, removing that person. That is why it has to be as a natural cycle that an internal candidate, who has had hands-on experience, is the person who is very likely – we cannot say *always* is – to be able to be appointed.

895 **The Chairman:** Final point, Mr Gill.

Q189. Mr Gill: Thank you, Chairman.

So, you have told us that it is very likely that an internal candidate will have the better opportunity to get a Civil Service place – in fact, that is the experience, you have accepted.

900 *Mr Houghton:* We are just saying that, purely on the fact that he has got much greater knowledge, experience and adaptability to the job.

905 **Q190. Mr Gill:** That is the outcome and the experience. Was that the intention of part of the Corporate Leadership Group?

Mr Houghton: No, no, it is our intention, when advertising and recruiting for a senior person and anywhere in the Corporate Leadership Group, you have to do it and market on an open basis and those applications are looked at in a fair and reasonable manner.

910 If I can just illustrate that a little bit for the Chief Secretary's position and also for the application for Chief Executive for Home Affairs, we brought a diverse number of people, especially in Home Affairs, to interview – a diverse range of people – for the very point that we wanted... On paper, they all looked very good – in fact, they all were very good, when they came – and, of course, then it is a judgement call like in any case, when you are recruiting, to recruit and appoint the right person.

915 But to answer your question, we brought in a diverse range of candidates to interview on that.

Q191. Mr Gill: So, am I right, it was not the intention to give Corporate Leadership Group members a head start over external candidates?

920 *Mr Houghton:* I do not think... No, no –

Q192. Mr Gill: That is just the way it has turned out. Is that it?

925 **Mr Houghton:** No, no, it was not the intention, but why should it because why should it be known that this person, because he is a Corporate Leadership person, be just simply selected? There would not be any point in having a proper shortlisting and interview session. There would be no point.

Mr Watterson: We make our point.

930 **Q193. The Chairman:** Can we move on, then, to another objective in the Corporate Leadership Group documents: the utilisation of an evaluation methodology appropriate to evaluate the roles in the CLG.

When the Group was set up, every role was evaluated using JESP. Did every job description then change?

935 **Mr Stewart:** I think we touched on this the last time that the Chairman and I appeared before the Committee: what the Commission was looking to do was to establish a framework. The details of job descriptions are matters within Departments.

940 As I think I have said in my response following the last appearance before the Committee, the time that the Civil Service Commission touches job descriptions at senior level is either when there are vacancies which are being recruited to or when job roles are subject to some form of evaluation. They do not go forward unless those job descriptions include the key issues underpinning the Corporate Leadership Group, including leadership, performance management, resource management and particularly what job descriptions refer to as 'corporate contribution'.

945 **Q194. The Chairman:** Does it make any sense, then, that there has been no re-evaluation, apparently, of recent appointments to posts in the DHA, Education, chief executive, Chief Secretary...?

Mr Stewart: You are talking about revaluation in job weight or JESP terms?

950 **The Chairman:** Yes, when there was a vacancy.

Mr Stewart: There was never the intent, when the Corporate Leadership Group was formed, that whenever there was a vacancy, a job role would be re-evaluated.

955 **The Chairman:** That is interesting, yes. Carry on.

960 **Mr Stewart:** Can I perhaps differentiate, because there are two parallel matters here: one is about job evaluation, and the other is about what we call market factor pay. Within the Corporate Leadership Group agreement is a requirement that, on vacancy, any job role which has an individual market-factor-related pay range is subject to that pay range being re-evaluated at that time, but that is completely separate and distinct from JESP evaluation, which is about job weight.

965 Now, you have made reference to the Chief Executive of Home Affairs and the Chief Executive of the Department for Education and Children. There was no JESP panel constituted to review those, because an initial review which actually I undertook – I am trained as a... if you go back in time, the title would have been 'staff inspector'. I am trained in grading methodology. We would only seek to put a job to a JESP panel for review if there were substantive reasons, demonstrating that the work, the job weight, had changed significantly. Restructuring of Government did not affect the Chief Executive of DHA. If anything, with regard to the chief executive role in Education and Children, it is probably a broader role than it was in past times, when it was originally re-evaluated, but that breadth, in my view, did not take the job role out of the JESP band within which it already was, thus the process would have led, had we gone to a JESP panel, to a 'no change' position.

Q195. The Chairman: But have you evaluated it?

975 **Mr Stewart:** I have sat down and looked at the job description and the grading criteria and concluded that there was no significant change in the overall job weight sufficient for the matter to go to a JESP panel.

980 **The Chairman:** And the –

Mr Stewart: So the answer to your question in those terms is yes.

985 **Q196. The Chairman:** Yes. What about the roles in the Department of Economic Development and Infrastructure and Health, for example?

990 *Mr Stewart:* No, we have not looked at those at this point. I think the Chief Secretary made the point that once the departmental restructurings had been completed, that would be the time, then, to go back and look at those job roles. In fact, in relation to Home Affairs, there was a news release only in the last week or 10 days which is actually talking about quite a significant restructuring of the divisions of the Department. Once those have settled down, I think that is the time to do that.

The Chairman: Mr Cregeen.

995 **Q197. Mr Cregeen:** You are saying that for DHA, but at DTL, for instance, where the Department was significantly reduced, I understand that the Chief Executive went on the lowest band, but surely that would have been the opportunity to look at the banding, to see whether, as you said, the market factors in this... because the economy has changed, the private sector pay has changed, so you are actually looking at two different areas, and in DTL, the Department workload has significantly reduced, yet it is still the same banding.

1000 Now, no doubt, when the other Departments which have increased in size will be looking, possibly, for an increase, where is the saving on your Corporate Leadership Group, if you are not re-evaluating positions down as well?

1005 *Mr Stewart:* That is a very broad question. The change from DTL to DCCL led to two things happening: one was elements of work moving elsewhere; the other aspect of that was the establishment of new functions for DCCL, particularly, if I remember correctly, in relation to community cohesion and engagement which, potentially, over time will grow into significant policy areas.

1010 **Mr Cregeen:** But not now.

Mr Stewart: In overall job-weight terms, it would not drop out of the band. Things had changed. Bear in mind DTL moving into DCCL continue to have significant service delivery functions – buses, railways, tramway and so on.

1015 *Mr Houghton:* And look at the trouble they are having there.

Q198. Mr Cregeen: Exactly, and does that prove the point that it should have been re-evaluated, because what you are looking at is they have lost a major part of that, as in the motorsport, and tourism?

1020 *Mr Houghton:* Motorsport is not a major part of that Department.

Mr Cregeen: A major part of DTL's remit was the motorsport and the tourism, so it has lost –

1025 *Mr Houghton:* Tourism, yes.

1030 **Q199. Mr Cregeen:** So it has lost... There are two major areas. What you are saying is that, yes, Community and Culture is going to come into it in the future, but that would have been a time to re-JESP it, possibly then, to go up; but you do not keep the pay scale at the same, hoping that one day it will be commensurate to what the workload is going to be.

1035 *Mr Stewart:* I think we are talking about two separate issues. It is important to separate pay from grade. If we are talking about JESP, then there are decisions around overall job weight. Pay is a separate but linked issue. There is a risk that we become confused between JESP, between the standard pay ranges for the majority of posts in the Corporate Leadership Group and those individual jobs which have individual market-related pay rates.

Now, in terms of the DCCL, the view is that change in the functions within the Chief Executive's remit were not sufficient to drop it out of the JESP band. The bands are quite broad.

1040 **Q200. Mr Gill:** How does that assessment...? You have made that statement on a number of occasions, that there was not sufficient movement to drop it out. How do you know that? How can you

prove that?

1045 **Mr Stewart:** We have not been through the whole JESP panel process, and I accept that, but the view is that that was a reasonable approach to take to filling the vacancy at that time.

Mr Gill: How do you prove that?

1050 **Mr Stewart:** We would have reviewed the job description at the time before the vacancy was advertised.

Q201. Mr Gill: I remember, I think yourself, Mr Houghton, in the Keys, saying that your reasoning was 'Because we didn't have time,' which I felt was interesting. Do you want to remind us about that?

1055 **Mr Houghton:** Yes, it was, and I can remind you about that, insofar as when all the Government Departments changed on 1st April – I think that is what you were referring to at the time – the matter was the Ministers... the chief executives, were appointed their new Departments, in the main. Obviously, DHA, as you know, remained the same. Of course, I think the question at the time was that you wanted to know why their salary structures had not changed and everything else. Well, of course, as we know, those
1060 chief executives who were appointed a Department lesser the size of the Department that they once had would be on pay protection, anyway. That could only be reviewed at the time when that particular Department changed, and I think that is what you are referring to.

Mr Gill: How long is –

1065 **The Chairman:** Mr –

Q202. Mr Gill: Sorry, Chairman, can I just ask a point on that?
Mr Stewart, how long and how much cost attends to a JESP review?

1070 **Mr Stewart:** A JESP review is quite an intensive process. It starts with the job holder, who would ensure that their job description was up to date – presumably it was. There would then be a detailed questionnaire, which looks at the factors which JESP scores. That would then be reviewed by a specialist consultant, who would produce a report on that, which would then go to a JESP panel which would
1075 include the chief executive of the Department concerned, the chief executive of another Department and the independent JESP specialist, with other officers supporting that.

Mr Gill: So, in this new corporate –

1080 **Mr Stewart:** It is not a simple and quick thing. It is a time-consuming thing.

Q203. Mr Gill: Why isn't it cheap and why isn't it quick? What sort of cost... If you made it your priority to JESP review any post, given that you are working more corporately than ever has happened before, what is the minimum time you could have a definitive JESP review, and how much would you
1085 guess, since you have not done it, that would cost?

Mr Stewart: We do JESP posts. That is an ongoing process since the establishment of the Corporate Leadership Group.

1090 I would expect it would take, in individual hours, something between 20 and 40 hours, depending on the complexity of the post, to JESP, plus the time and cost of an independent consultant. So you would be talking about anything between £3,000 and £5,000 per post, if you put a cash value to all of the time that was included.

1095 **Mr Houghton:** And the review time, just to fill that out, the way we would look at it politically, of course, there is an awful lot of time that has got to be given to someone measuring the work that the post-holder is now doing, as against... because, of course, it matters as far as the amount of salary they are getting, on the JESP positioning on the scale, but the workload and everything else would take time, because some Departments – just speaking generally – may be busier than others. Say, for instance, a CLG member in Tourism is going to be mad busy in TT week and less busy the rest of the year, but busier at some times more than others across...
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It is perhaps a poor example to give, but the thing is, it is all on weighting work, the type of work that

they are doing and so on. Of course, as Mr Stewart has already said, then when you set them on that JESP band, and if you say that they are on the Corporate Leadership band from 5 to 8, and he is in that banding, anyway, of course, between 5 and 8, and he finds himself on 6, he is on the same pay, anyway, because the banding goes up by PDR-ing during a five-year period.

1105 So that is why there is an overall assessment done by Mr Stewart first, to see whether the job has so significantly changed for it to be worthy of being fully JESP'd.

The Chairman: Mr Watterson.

1110 **Q204. Mr Watterson:** Isn't this re-grading discussion something of an academic one, anyway, because your average chief executive or senior officer is unlikely to be much under 50 and they all get 10 years' pay protection, anyway?

1115 **Mr Houghton:** Well, of course, that can be taken into account.

Q205. Mr Watterson: So it is only a one-way bet, as far as the individual...

1120 **Mr Houghton:** Well, that can be taken into account, and I am sure... I will leave that to Mr Stewart as to what he wants to say about that. But we, politically, would certainly have to take that into account in the way that we would view it but, technically, I will leave it to Mr Stewart. *(Laughter)*

Mr Watterson: Mr Stewart.

1125 **Mr Stewart:** I am not actually clear how to go about answering that in the context, I think, the question is.

We have, as you know, what is called 10 + 4 personal protection, which applies across the Civil Service, which is a long-established rule but, of course, job holders do change and the opportunity to move job roles down, in terms of where grade change is taken... You will be aware, from the paperwork and from what we have said previously, when the Corporate Leadership Group was established there were five job roles at that time where the job holders who were in post became subject to personal protection because the pay range maximum in the Corporate Leadership Group was less than the maximum previously. Now, all of those are thus subject to the 10 + 4 personal protection provision.

1130 Having said that, one has retired since the establishment of the Corporate Leadership Group and that job role was thus advertised and filled on the basis of the lower pay range. I would not expect many of those five job holders, frankly, to go through the whole 10 + 4 process. The majority of people in the Corporate Leadership Group are 50-plus.

1135 **Q206. Mr Watterson:** Yes, so it is an academic discussion as to whether you change the responsibilities of a senior officer or not, because they are guaranteed their old pay. They can apply to go up the scale. They are never going to go down it.

1145 **Mr Houghton:** I know it is for us to answer questions asked by you, but would you not then consider that the only time that you are going to be doing a JESP review on a practical basis, looking at it politically, is when the likelihood of the weighting of that post has gone way up beyond the particular level of grade that that particular officer is currently on?

Mr Watterson: No. My point, perhaps politically, is that we should be looking again at 10 + 4.

1150 **Mr Houghton:** Which is another element which we have under review.

1155 **Q207. Mr Watterson:** Do you not accept that having 10 + 4 payment protection is actually more of an incentive towards making certain roles completely redundant rather than re-grading them? It is more of an incentive to abolish the post than regrade it down, because the payment protection is like a millstone round your neck.

Mr Houghton: If I can ask you just to hang on. When you say about abolishing the post, if the post is abolished and that person is doing a lesser job, of course he goes under the 10 + 4 rule, as you quite rightly said.

1160 **Q208. Mr Watterson:** No, if the post is abolished, the person goes and finds another job.

1165 **Mr Houghton:** No, no, this is where we have got to watch what we are saying. If a post is abolished and that person... and this could happen now, we have all got this now to see, coming up in this shared servicing arena. Obviously, wherever people are moving from one service to another, it is going to be ideal to see that Departments who transfer them from a Department, or an area of a Department, to another –

Mr Watterson: It is not what I am talking about, Mr Houghton.

1170 **Mr Houghton:** No, but the point I am making is exactly that: if you are saying that a post is abolished, you are taking that post out. I understand wholly what you mean, but if there is a civil servant in that post, that civil servant currently, if the post is going to be done away with, will be moved elsewhere, under the shared services arrangements that are being put in place now, that you will be well aware of. The civil servant must not suffer – why should he or she?

1175

Q209. Mr Watterson: Because in the real world, when a post becomes redundant, people have to find a different job. That is not what we do in the Civil Service?

1180 **Mr Houghton:** In the Civil Service – no, hang on, this is vitally important – in most areas of the Civil Service, and I am sure you would agree with this, most civil servants are in graded roles and they can be transferred to another area. I am sorry to keep on repeating myself, but that is what is going to happen now, with this Department... this reshuffle of Government in the shared services.

1185 **Q210. Mr Watterson:** So if we went tomorrow from nine Departments to eight Departments, you would find there was one chief executive who did not have a seat when the music stopped. (**Mr Houghton:** Right.) Are you saying that we are obliged to find a job at that grade, and protect the pay of that person, even though they will not be the chief executive because they will not have a Department?

1190 **Mr Houghton:** I am –

Mr Stewart: No, the Chairman is not saying that. (**Mr Houghton:** No.) I think we are confusing different elements.

1195 **Mr Houghton:** Yes, we are.

1200 **Mr Stewart:** What the Commission will do, if there is a reduction in the overall number of jobs, is to look at a number of issues one by one and this is set out in the Government policy, which is well established, and set out in the Commission policy. (**Mr Houghton:** Absolutely.) The first element is natural wastage: is there a vacancy? Therefore, the vacancy would be taken away and officers would be re-deployed. Is there opportunity for early retirement? That is one which is a valid option and often will be taken. You then have the question of re-deployment: is there a job elsewhere in the Civil Service that individuals can be re-deployed into? The final position, as you know – and the Chief Minister has talked about it on a number of occasions and described it as a last resort – is redundancy.

1205 **Q211. Mr Watterson:** So I come back to my original question, which was, isn't the 10 + 4 protection system... doesn't that make it more advantageous to actually abolish a post than re-grade it downwards?

Mr Houghton: No, not always, for the reasons that we have given you.

1210 **Mr Watterson:** Surely –

Mrs Christian: Can I –

1215 **Mr Houghton:** I can't... We have done our best to explain the circumstances and, like I say, the circumstances Mr Watterson is making clear now are exactly what Government, now, as a very serious matter, has to grapple with, with more than just civil servants because the whole issue is to try, as Mr Stewart has made quite clear, and work a way to natural wastage and early retirement along those lines and, eventually, re-deployment. The very last, the very last option, that none of us really want to see, is redundancy. So... and, because – coming back to the Civil Service – most, if not all of those positions we can find.

1220

I appreciate the circumstance with the chief executive and we cross that bridge when we come to it, is my only answer to you on that but, speaking elsewhere, that is what Government is having to grapple with right now, re-deployment as a manageable option.

1225 **Mr Watterson:** Chairman, I give up. I am sorry, you will have to take a –

Q212. The Chairman: Can I ask you, in respect of the roles and banding, have there been any roles going down a band or any going out of the Corporate Leadership Group?

1230 **Mr Stewart:** Since the establishment of the CLG, no, there have not been any going down a band. On establishment of the CLG, there were the five job roles where the individuals were placed on personal protection and one of those job holders, as I have said, has since retired and that job role was advertised and filled at the lower pay range.

1235 **The Chairman:** Right.
Of the –

Mr Stewart: Not to say that that could not, or would not, happen going forward.

1240 **Q213. The Chairman:** It is clear that the 10 + 4 rule means that people get paid more than the going rate for the job that they are currently doing, presumably.

Mr Stewart: Again, you are in the situation of having to separate the job from the individual. The rate for the job is reduced, but the individual, while they are in it, has the benefit of personal protection.

1245 But as the Chairman makes the point, re-deployment is an option that is actually easier, generally, at lower levels in the Civil Service, where jobs are more generic. If, for example, you have one Director of Marine and one Director of Civil Aviation, it will be less easy to re-deploy them than it would be, perhaps, an administrative officer who works in a finance section.

1250 **Mr Houghton:** Can I say – we can back this up, Chairman – currently, just to give an idea, those who are on the 10 + 4 rule at the moment are somewhere around the mid teens – 15, 16, 17, that sort of number. It is not dozens of people, costing the Government a fortune; it is a very small –

1255 **Mr Watterson:** They are costing them more than they would if they were recruited to a job that was a new job tomorrow.

Mr Houghton: Yes, but if you take it across the board, across the piece, with the Civil Service, there is not a great number of people that are –

1260 **Q214. Mr Cregeen:** But do you find that more at a senior level than a junior level, because the perception across the lower civil servants is you tend to lose the people at the bottom but you will spread the top so the wealthy stay wealthy and the group stays the same.

1265 **Mr Houghton:** It is my understanding that those 10/15 people are more of the lower level than they are of the upper level. We could clarify that, but that is –

Mr Cregeen: I would appreciate that, yes.

1270 **Mr Stewart:** They are spread across the Civil Service. We have identified that there are four still in the CLG and the rest, therefore, are below Corporate Leadership Group.

Q215. Mr Cregeen: Could you provide us with the banding that they are in?

1275 **Mr Stewart:** I think that is possible to do. Yes, it may be possible to do that.

The Chairman: Yes. Mr Gill.

1280 **Q216. Mr Gill:** Mr Stewart, could I just confirm with you, I think you just said the job is reduced, the postholder is protected. Is that accurate?

Mr Houghton: The job is reduced, the postholder is protected. Is that accurate?

Mr Stewart: Yes, in terms of the 10 + 4 rule... I am sorry, yes.

1285 **Q217. Mr Gill:** So the job is reduced.

Mr Stewart: Well, the job will be re-graded. That is normally the issue. Or you may have –

1290 **Q218. Mr Gill:** Is there any evidence that that happens, that the job is re-graded and, where appropriate, reduced?

Mr Houghton: Yes, but not in... I cannot give a CLG example of this, but I do know elsewhere.

1295 **Q219. Mr Gill:** We are talking about the CLG. In terms of the CLG, where you describe the job as reduced, but the postholder is... I understand the protection for the postholder, but where you state the job is reduced, what examples can you direct us to where that has actually happened?

1300 *Mr Stewart:* It goes back to this interface with these five individuals where the pay range maximum in the Corporate Leadership Group was less than the pay range maximum of the grade prior to the establishment of the Group, so at that point that that interface with the CLG was established you had five job holders on personal protection. As I say, one is now retired, so it is now down to four.

1305 Elsewhere in the Civil Service, it may be out of the total – the 10 or 15 that the Chairman referred to – it will be because a job has been re-graded and there will be elements of the job which have either become less important or are no longer in the job and, therefore, the job role has gone down a grade. So there are examples of that in the Civil Service.

Q220. Mr Gill: And you can give us examples of when that has happened and examples where, in your professional assessment –

1310 *Mr Stewart:* It applies across those 10 or 15 that the Chairman refers to –

Mr Houghton: – and not the CLG. Not necessarily CLG.

1315 **Q221. Mr Gill:** And where, in your professional assessment, it was not necessary to even consider reviewing. I think you described that earlier, didn't you? Chief executive jobs... you did not feel that their job had substantially changed significantly enough to consider a JESP review.

1320 *Mr Stewart:* I think we have referred to Home Affairs and we have referred to Education and Children specifically, where they were looked at and a JESP review was not initiated because –

Q222. Mr Gill: So the vacancies, then – sorry to interject – could you provide us with a list of examples where you have reviewed it and examples of where a vacancy occurred and you have not reviewed it, for whatever reason – your professional assessment?

1325 *Mr Houghton:* Of CLG posts?

Mr Gill: Yes?

1330 *Mr Houghton:* Yes, yes, sorry.

Mr Gill: It was a yes... Okay, thank you.

1335 *Mr Stewart:* I think the more recent times will be more straightforward to do, because we have, in more recent times, looked more specifically at job roles, to determine whether they should be formally subject to a JESP panel or not. There are a number, which I can list for you very quickly to answer your question: DHA, Education and Children are two; we have looked also at the Director of Planning, which is currently subject to the recruitment process; and, separate from grading, but looking at the question of market pay is a Government Advocate post. That, I think, was reviewed as well. We are now looking at that, as an initial stage, as a norm going forward.

1340

Mr Gill: Thank you.

Maybe we can put those examples you have described in the context of the agreement you made to circulate us with a comprehensive list.

1345 **Q223. Mr Watterson:** Can I just pick up on a point you made there. You said that, for example, the
Chief Executive of DCCL, where quite a lot of the responsibility has moved, and I suppose Chief
Executive of the DHSS would be another very obvious example of where a significant proportion of the
1350 responsibility has moved but because the bands were so broad it was not worth doing a reassessment... Is
that because the new system has these wide bands? Had they been assessed under the old system, prior to
the Corporate Leadership Group, would it have been worth reassessing the job post in the system that
existed prior to the Corporate Leadership Group?

1355 **Mr Stewart:** I doubt that the outcome would have been any different because the way that the chief
executive posts, in particular, were arranged was the subject of a chief executive specific pay agreement
which was abolished at the time the Corporate Leadership Group was arranged and those job roles were
in bands. I do not know the detail behind the placing of those jobs in those bands. This goes back to long
before my time. This goes back to 2000.

1360 One of the questions you are asking is about Health and so on. As those Departments restructure and
settle, it will be a question, through the established process, whether they should be looked at and whether
they should be subject to a JESP panel. That may yet happen.

Q224. Mr Watterson: I was just wondering whether they were more or less likely to be re-graded
under the CLG system, as opposed to that which went before.

1365 **Mr Stewart:** I doubt if there is a significant difference, but that is just a personal view. The detail of
what went before I have not got.

1370 **Q225. The Chairman:** Can we move on to the sixth objective, and that is remuneration for job roles
within the Group, appropriate to the scope of the roles being performed, which slightly overlaps with this
issue of protection.

You have explained that one of the advantages of the CLG is having pay ranges, as opposed to spot
pay. Can you explain the concept of spot pay and how the arrangements differ, just for our records?

1375 **Mr Stewart:** I think the only answer that I can give you is that I will do my best.
Interestingly enough, the Chairman and I were talking about this a few days ago because I was talking
to him about a specific example, so I will try and work my way through it.

1380 We are talking now about pay and not grading, so we have moved away from grade completely and
we are now talking about pay. Prior to the establishment of the Corporate Leadership Group, there was a
chief executives' pay agreement. There were three bands in that agreement – three levels, if I can call it
that – with the most senior posts at the top – relatively speaking, the departmental chief executive posts –
and the more junior at the bottom. For each band there was a single pay amount. I had actually worked an
example for the Chairman for another purpose. If I can find that, I will do my best to talk through it
because it is pertinent.

1385 In 2006, chief executive pay band 1 had a single point and that point was, if I can recall it, £83,992.
So, if you want to look at the interface between the old world and the Corporate Leadership Group, in
essence, on 31st December 2006, the pay for a chief executive pay band 1 role would have been £83,992.
It did not matter whether that was your first year in the job or your 10th year in the job. That was the pay
that you got. There was no progression. Under the Corporate Leadership Group, those job roles fell
1390 within the JESP 9 to 13 band. So, if we then look at 1st January 2007, which is the first day of the
Corporate Leadership Group, there was put in place, as there are with all Corporate Leadership Group job
roles, a six-point pay range from bottom to top. The bottom starts at a little over £69,000 and moves to a
maximum of a little over £86,000. So, if we are talking about a new appointee, and we would assume that
the new appointee would normally start at the bottom, what you would have had in the old world was
1395 £83,992. In the new world, £69,052, a saving in year one over the old world of a little under £15,000. In
year two it would have been £83,992 versus £72,504, a saving of almost £11,500. And that goes on as the
jobholder progresses through the Corporate Leadership Group for the first five years.

1400 Because the pay maxima, one to the other, are slightly higher in the Corporate Leadership Group, the
savings would reduce from year 6 onwards at a little over £2,000 a year, but it would actually take 21
years to go back to a neutral point, so the likelihood is that, in the early years, there would be a very
significant saving. Assuming that the jobholder was not in post for more than 21 years, there would thus

be a saving to Government. Now that has happened.

1405 It did not happen, because there had been little turnover in the Corporate Leadership Group at chief executive officer level until very recently, but it has actually happened in respect of two appointments in the last, gosh, few months, literally, and I think I wrote in (*Interjection by the Chairman*) my most recent letter that the saving in the initial five years would be over £39,000; that is now likely to be the case in respect of two chief executive job roles which have recently been filled.

1410 **The Chairman:** Thank you.
Mr Cregeen.

Q226. Mr Cregeen: So the two recent job roles, that you were saying, have gone in at £69,000?

Mr Stewart: Yes, they have both been promoted from the band below; thus, they start at the bottom.

1415 **Mr Cregeen:** Now –

Mr Houghton: They would have gone on –

1420 **Q227. Mr Cregeen:** From recollection of the ages of the two chief executives that you are talking of, they are going to have at least another 10 years in post and their top of band is going to be £3,000 to £4,000 higher than it was originally?

Mr Stewart: Yes, well, it is a little over £2,000. Yes.

1425 **Q228. Mr Cregeen:** So your figures are going to be weaned off that because they are going to have –

Mr Stewart: They will. Yes.

1430 **Mr Cregeen:** – another £20,000, virtually. So you are looking at –

Mr Stewart: If you look at an initial five years, the saving is over £39,000.

Mr Cregeen: That is in your five year –

1435 **Mr Stewart:** If you look at ten, then you are talking about, for the second five years, losing a little over £2,000. So you are still a year... so you are still talking about a net saving, over ten years, of something around the high £20,000's or early £30,000's. It is a very significant saving.

1440 It is something that when the Commission gave presentations to Members of Tynwald at the start of the Corporate Leadership Group, we projected that this was likely. It has taken a much longer time to get to that because chief executive posts have not turned over, but there are two, literally within a year, where that situation has occurred.

1445 **Mr Houghton:** And that is a saving per... When I say example post, we can match that example with a post, of course, in confidence, but that is per post. Not overall, per post.

Q229. Mr Cregeen: But that could change if these people then go to the bigger Departments.

Mr Houghton: Well, if they move on –

1450 **Mr Stewart:** In fact, they would get paid commensurate to the job, but then, of course, there they would start at the bottom of the pay scale if they had moved up a band, as well. Although the savings are not anywhere as significant, at the other old chief executive pay bands there are savings to be made, simply because it was a spot point previously, and while they may ultimately move to a higher maximum above the old spot point, the savings are in the initial years.

1455 **Q230. The Chairman:** Can I ask about grading, or at least evaluation of posts? You told us, when we met before that, 2008-09, there were six civil servants at pay span 6 or above marked as below standard on their assessments, of whom four were Corporate Leadership Group members.

1460 **Mr Stewart:** I am not sure it was four. I thought... Which year are we...? Can you remind me which

year we are talking about?

1465 **The Clerk:** Do you remember the document you sent us with 19 answers? I think Mrs Christian is quoting from question 12 in that document.

Mr Stewart: I had a sense that it was less than four – just let me check it. Two springs to mind.

1470 **Mr Houghton:** Question 6, did you say?

The Clerk: Question 12.

Mr Stewart: If we are talking about 2008-09, there were four in pay band 6 and above –

1475 **The Chairman:** Does that mean they were all CLG?

Mr Stewart: – excluding the Corporate Leadership Group; and two in the Corporate Leadership, not four.

1480 **The Chairman:** Right.

Mr Stewart: I think that is on page 34

1485 **Q231. The Chairman:** So we got that the wrong way round: there were two in the Corporate Leadership Group. So there are people in pay band 6, which is –

Mr Stewart: Which is senior executive officer and above.

1490 **Q232. The Chairman:** Right. Just to clarify, then, the point that I am trying to make, to get clear, is that, although there were six, in whatever category, who were marked below standard, only four increments were not awarded.

Mr Stewart: That would be correct, because a number of the job holders, I would assume, would already be on their pay scale or pay range maximum; thus there was no increment to be withheld.

1495 **Q233. The Chairman:** There is no penalty either, then, for bad performance.

Mr Stewart: There is not within this mechanism, no.

1500 **The Chairman:** Right, so –

Mr Stewart: Performance is directly linked to incremental progression and there is no penalty.

Q234. The Chairman: Is that satisfactory, in your view?

1505 **Mr Houghton:** All I can say, Chairman, is that never existed before the CLG came in.

Q235. The Chairman: No, but part of the argument for CLG was performance-related pay, which was never progressed.

1510 **Mr Houghton:** That's right, but –

Mr Stewart: The Commission's view has long been that performance-related pay –

1515 **The Chairman:** Only takes you upwards, apparently.

Mr Houghton: That really is not –

1520 **Mr Stewart:** There is a very significant... Although you can argue that incremental progression is an element of performance-related pay, it is a much bigger issue, performance-related pay. It was clear at the time that negotiations in respect of the Corporate Leadership Group were taking place, that it would be

impossible to achieve a collective bargaining agreement with the Government Officers Association if performance-related pay was part of the package. They actually had a ballot (**Mr Houghton:** Yes.) around that time amongst their members in relation to the concept of performance-related pay and it was rejected out of hand, I think, 88%, if I remember, or 90% of those who responded voted against.

1525

Q236. Mr Watterson: Why do you think that is?

Mr Stewart: I think there was a fear of it.

1530

Q237. Mr Cregeen: Performance fear?

Mr Stewart: No.

1535

Mr Cregeen: They may not be performing so they wouldn't get their pay.

Mr Stewart: There is a very, very mixed history around performance related pay in the UK civil service, and I think that will, to a degree, taint the way Manx civil servants look at it.

1540

In one example in the UK, performance related pay mechanisms would be established, and then there would be an independent pay cap, which would preclude officers who were achieving relevant box markings actually being awarded performance related pay, or what should be in place was stepped down. There is also a lot of issue around standards against which individuals are assessed. Often in private sector organisations, this is a much more straightforward element often – you will have experienced this, Mr Watterson – whereby individuals would receive, you could call it, a performance bonus, related to the profitability of the organisation. We do not have a profit driver; therefore, in elements of this, some of it is much, much more difficult to do.

1545

Q238. Mr Watterson: Well, profit may be what it is paid out of, but ultimately, it is based on your performance, your bonus. Do you not think that 88% –

1550

Mr Stewart: And in many job roles, that would be about fee income, which would, no doubt, be the situation for accountants, for example, in the private sector.

1555

Mr Watterson: Do you not think, though, that maybe just 88% of people would rather a system where the only way is up?

Mr Stewart: I cannot really speculate on the view of the members of the Government Officers' Association. It would be wrong for me to do so. They obviously speak for themselves.

1560

The Chairman: Mr Butt.

Q239. Mr Butt: Thank you.

1565

Once you lost the performance-related pay element, because of the unions etc – it is obviously a main plank of this Corporate Leadership Group, or it was – what consideration was given to actually, maybe, looking at this again or even abandoning it, because the main driver of this would have been performance-related pay and, without that, as we can see today, it has very little teeth, in effect, to actually make things happen in a better way. So was any consideration given by the Commission or the Council of Ministers, or the Chief Minister, to actually abandoning this because you had lost the main plank of it?

1570

Mr Stewart: I would not accept the view that performance related pay was the main plank of it.

Mr Butt: A main plank.

1575

Mr Stewart: It was one element: performance improvement was an element; corporate working was an element; issues in respect of grading and pay management were also –

Q240. Mr Butt: But the pay incentives would make that happen, wouldn't they?

1580

Mr Stewart: Sorry?

Mr Butt: The pay incentives to perform better, to get more pay, would actually make those things happen.

1585 **Mr Stewart:** Potentially one element of it. I think there are very differing views about the effectiveness of performance related pay as a driver of performance.

Q241. Mr Butt: My question was, though, was any consideration given by the Chief Minister, Council of Ministers or the Commission to actually stopping this at that stage?

1590 **Mr Stewart:** It was a matter for the Commission. The Commission considered what was tenable in the collective bargaining arena and decided to move forward with a refocused package, but that is not unusual in the collective bargaining arena in relation to any issue.

1595 **Q242. Mr Butt:** Is the fact that we have not gone down to the next level, to the Performance Development Group, is that a factor in that as well, as to why we have not moved down to the next level – the fact that we cannot do performance related pay?

Mr Houghton: No, not at all.

1600 **Mr Stewart:** No, it is not fundamental to that at all.

Mr Butt: It is not. Okay.

1605 **Q243. The Chairman:** Can I ask you, some of the arguments that we hear are that you need to be competitive with the private sector.

We asked you, when we met before, how many civil servants left the Civil Service to join the private sector and, in your reply, Mr Stewart, you indicated that before the CLG – I do not know what the timeframe was – two civil servants left to join the private sector –

1610 **Mr Stewart:** I think that is pertinent, yes.

The Chairman: – and since the CLG was formed, two civil servants have left. Can you expand on that for us, please ?

1615 **Mr Stewart:** I can only assume that is a reference to something in my most recent letter, in response to the Committee's questions.

The Chairman: Yes, your letter of 12th November.

1620 **Mr Stewart:** Prior to the Corporate Leadership Group, I think the timeframe that was being looked at was the year 2006. Two left during that period that I know of personally, who moved to the private sector.

1625 Individuals who leave the Civil Service have no obligation to say what they are going to do in the future, and so I could only bring to it my personal knowledge of the turnover at senior level, and two had gone into the private sector. So it was two in 12 months.

The post CLG covers, if I remember correctly, a period of three years, almost four years. During that same period, two left.

1630 **Q244. The Chairman:** Would you conclude anything from that or not?

Mr Stewart: I think it is a very difficult thing to do, to conclude directly what that may mean, because there are so many changes in the labour market and economically, which the Isle of Man has seen over those four or five years, between 2006 and now. You may wish to draw your own conclusions, of course.

1635 **The Chairman:** Well, we probably will! *(Laughter)*

Q245. Mr Cregeen: Can I ask, out of those two, were any subject to disciplinary actions?

1640 **Mr Stewart:** Goodness me, I had never thought of that! Out of the four, none were subject to disciplinary action – neither the two before, nor the two after.

Q246. Mr Cregeen: So there was no disciplinary action on people who left the Civil Service to go into the private sector or to leave at all?

1645 **Mr Stewart:** None in terms of the examples that I have talked about, no. I am aware of two who left to join the private sector in 2006. Neither of them were in any way subject to discipline or capability issues, and of the two which left who I know of, to join the private sector, after the establishment of the Corporate Leadership Group, the same was the case.

1650 One was a lawyer, who moved back into the private sector and one was a specialist engineer, who joined a small start-up company on the Isle of Man.

The Chairman: Mr Gill.

1655 **Q247. Mr Gill:** I am surprised that you do not know why people leave the Service. Do you not maintain an exit questionnaire for departing members of staff?

Mr Stewart: Yes, we have done over a period of time, but there is no obligation on individuals to complete it, or they may simply say personal reasons, or whatever it may be.

1660 **Mr Gill:** But only two people –

Mr Stewart: We can advise them to say what they are going to do.

1665 **Q248. Mr Gill:** No, I am not suggesting that you can or should, but you can afford people the opportunity so you can reflect on their reasons. How many exist questionnaires would be filled in, then, since 2006?

Mr Stewart: I have no idea.

1670 **Q249. Mr Gill:** You could advise us, though?

Mr Stewart: I am sorry?

1675 **Mr Gill:** You could advise us, perhaps?

Mr Stewart: I think I would have to go back and ask about that. I do not get directly involved in –

Mr Gill: Is one of the questions on that –

1680 **Mr Stewart:** I am assuming that it is still done. I couldn't even confirm to you that it is still done, but I am assuming that it is because it was something that was in place.

Q250. Mr Gill: Okay. Thank you.

1685 The two people who left since the corporate leadership were members of the Corporate Leadership Group?

Mr Stewart: Oh, yes.

1690 **Q251. Mr Gill:** A lawyer and a senior engineer.

Mr Stewart: Absolutely. Yes.

Q252. The Chairman: No other senior civil servants?

1695 **Mr Stewart:** Sorry?

The Chairman: No other chief executives?

1700 **Mr Watterson:** Did the Chief Executive of DTL leave in that period, as well – Mrs Glover?

Mr Stewart: I cannot remember when that was, whether that was prior to or not, but I am not –

Mr Gill: Post 2006.

1705 **Mr Stewart:** – clear about the background to that. What I have done is simply identify those that I was aware of who specifically left to take up job roles in the private sector.

1710 **Q253. The Chairman:** In asking about the relevance of the private sector comparators, I think evidence was given to us that they were necessary with regard to recruiting lawyers. We did ask you how many CLG members were lawyers and Mr Stewart has now given us the figure, that is four, so did you need to introduce CLG to cope with four lawyers?

Mr Houghton: I do not think so.

1715 **Mr Stewart:** No. I think the Chairman was responding to a broader question and one example that he gave was lawyers, because there is, in essence, a micro market for lawyers in the Isle of Man because of the driver from the finance and legal services sector but, of course, there are other areas which are of direct interest. Lawyers is one, accountants is another, and specialist regulators would, for example, be a third – and other specialist posts.

1720 We have to maintain a market competitiveness in order to ensure that we recruit suitable people who are capable and competent to do the jobs that we require.

Q254. The Chairman: Indeed, but the CLG is not all specialist posts, is it?

1725 **Mr Stewart:** Oh, no, indeed it is not, and that is why there are standard pay ranges – one for each of the four levels – and why the Commission also has the flexibility to have individual pay ranges for specialist jobs which would be above the level of the standard pay range.

1730 **The Chairman:** Right, let's try and wind up remuneration, then.
Mr Gill, do you want to ask a question?

Q255. Mr Gill: Thank you, Chairman.

1735 **Mr Houghton,** you said, when we spoke... You got quite exercised about my drawing your attention to the fact that you made a comment that the Chief Secretary and the Head of the Personnel Office, during your time as Chairman... you told us that their pay had dropped behind somehow. Could you elaborate on that?

Mr Houghton: Oh, I cannot really elaborate, I don't think, any more than I already have.

1740 **Mr Gill:** Well, you didn't. You just made that statement. You did not give us any –

Mr Houghton: I think I have given you, Mr Gill, quite sufficient elaboration in the time in answering questions, I feel, and... in another place.

1745 **Mr Gill:** So, what... to the question you were asked, the answers were –

Mr Houghton: Well, can I –

1750 **Mr Gill:** – how the maximum pay for those two posts had increased. (**Mr Houghton:** Yes.) You did not, at that time, make any mention of what you now claim: that their pay had somehow dropped behind their contemporaries –

Mr Houghton: Yes.

1755 **Mr Cregeen:** Bill Gates.

Mr Houghton: Can I say, Chairman, this is becoming a little bit of an issue and you might say that I am getting exasperated.

1760 What I am getting exasperated about here is that you keep going on about two people that you have personally been targeting throughout some time and you have made it a personal issue.

To clarify issues, Chairman, and to move this forward, Mr Stewart, when we met and provided further information to the Committee, the Committee has been provided with much more further information to explain the circumstances of the Chief Secretary and also the former member of... the Chief Officer of the Personnel Office. Is that right, Mr Stewart?

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Mr Stewart: Yes... there is perhaps more that I can add to that by way of context –

Mr Houghton: And perhaps that would be right to do so –

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Q256. The Chairman: I think the issue is not the specific posts –

Mr Houghton: – just to close, hopefully close and settle this.

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The Chairman: – but why some posts were not being re-evaluated under the old system in line with their colleagues.

Mr Houghton: What I am saying, Chairman, is that we have given issue on this and it has been asked time and time and time again. The purpose of making this comment, as it were, purely is because there are some members of your Committee who cannot get off this matter –

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The Chairman: Can I just say, we have this –

Mr Houghton: – and it is time, Chairman, they did so.

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The Chairman: If I had asked the question, Mr Houghton, could you answer it, please.

Mr Houghton: If you had asked the question –

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The Chairman: The question is a matter of process, (**Mr Houghton:** Yes.) not individuals, but why two posts, apparently, had fallen behind what their jobs were worth.

Mr Houghton: What I will say –

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Q257. The Chairman: Presumably, there was a process for evaluating and keeping posts up to date, irrespective of what those posts were or who the postholders were.

Mr Houghton: I will answer, I will ask Mr Stewart to elaborate on it. He has written in: I do hope that you have been circulated with the particular letter that came in November, within three or four weeks after we met – we appeared, before this Committee in October last year. I have seen that letter. It is sufficiently comprehensive, explaining the circumstances why, but perhaps if I can turn to Mr Stewart to...

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Mr Stewart: If I can perhaps just give a little bit of context to both. Triggers for re-grading can be various. Often a trigger, where a post has grown, and there is a requirement to regrade, will rest with the individual jobholder. I know, in both cases, neither jobholder sought to affect that process.

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Quite recently, actually –

The Chairman: Would it not also lie with a reasonable employer?

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Mr Houghton: Yes.

Can I just, again, make comment on... I would not mind if this was being asked in a fair, reasonable and balanced manner by this Committee. The way I view it, in a nutshell, is both of these employees, who have now both left the Service, did not really pursue their... and this is obviously before the CLG took up. The CLG, by being taken up, caught up on them and paid them their due rate. So that is the first point. The second point is, previous to that, both of those employees, who were very hard-working people in their own areas, and they did not pursue a review themselves, or it appears did not rise to pursuing a revision of their remuneration.

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If they had been grossly overpaid, I would give good reason for why the Public Accounts Committee should show interest in that. We have given due diligence on this by answering you as best we could last time. We have provided you with written explanation. It has not cost... There have been many thousands

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of pounds saved by the Government because both of these employees had not pursued a remuneration revision. Is the Public Accounts Committee... I am sorry to say it this way, Chairman: is the Public Accounts Committee here to jump on someone who has saved the Government money, or are they here to see excesses and wasted money? And I do not expect an answer to that.

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The Chairman: I will give you one, Mr Houghton.
The Public Accounts Committee might also be considered with balance and fairness.

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Mr Houghton: And that is the challenge I put back to your Chair this afternoon. I am sorry to have to say that in this issue.

The Chairman: Right, well, you can express your view as you see it. I think we have been clear to make this point in general terms, and not in relation to specific posts.

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Mr Houghton: But there are specific cases, and I will say no more.

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Q258. Mr Gill: Could I just, through you, Chairman, with your agreement, Chairman, respond to your allegation that this is somehow personally motivated; it is not. I am sorry for your discomfort about having to raise it again, when you had given an answer, which you may wish to reflect on, and if there is any more evidence you could provide to support your allegation, then please do so.

Mr Houghton: We will be pleased to provide you, Mr Gill, till the cows come home, as much information as we possibly can, to swamp you out, if it helps to satisfy your requirements

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Mr Gill: Sorry, do you want to elaborate on 'swamping us out'?

Mr Houghton: With paperwork.

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Mr Gill: Why would you want to do that?

Mr Houghton: Well, you appear to want... I do not see the point in us arguing over it in a formal set like this. I think when the report comes to another place, there will be due appropriateness at that time to deal with this matter.

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But I just feel that this matter has become far too much of a sensitive issue with some of your members of this Committee, Mrs Christian –

The Chairman: We shall note your comments.

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Mr Houghton: These two employees have done no wrong and they have been paid far less than what they should have been.

The Chairman: May I suggest that you are emphasising the individuals now, not us.

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Mr Houghton: Thank you, Mrs Christian.

Q259. The Chairman: Right, finally, let's move on to the next stage of this process, and that is the Corporate Development Group, which were the next category down.

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You said in October that you needed money to negotiate with the union for setting up of the Corporate Development Group, and Mr Stewart has explained in his letter of 12th November that changes in relevant pay scales would be necessary in order to achieve agreement to the Commission's proposal for the development of this Group. For the Corporate Development Group, are you thinking of changing the job evaluation mechanism from JEGS to JESP, or is that not relevant to this particular group of employees?

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Mr Stewart: Can I perhaps take you back a step? I am not sure that what you have quoted is exactly what I said in my letter. (**The Chairman:** Right.) What I said in my letter was in the context of the comment made by the Chairman the last time we met, and I said... Let me see if I can find it for you.

I said:

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'The Chairman's view as expressed at the hearing of the Committee on 6th October was simply that changes in relevant pay scales would, in all likelihood, be necessary in order to achieve a collective bargaining agreement for the implementation of the

Commission's proposals.'

I think that is a little different in its context than the specific words that you have used.

1885 To move on to the question of JESP or JEGS, the Commission had only ever intended to implement JESP in respect of the Corporate Leadership Group, because it is designed and aimed specifically at the most senior of posts. We would continue with JEGS for the rest of the Civil Service. It simply would not work at lower levels in the Civil Service, in the same way that the Commission was conscious that there were severe limitations on using JEGS for the most senior posts.

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Q260. Mr Watterson: So the corollary is that, because you are not going to be able to afford any pay rises for the top band maxima, people are not going to be interested in negotiating with you. Is that what that boils down to?

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Mr Houghton: Historically, can I say it this way, then, to you, because obviously we have done an awful lot and Mr Stewart, to his credit, had done an awful lot of background work to putting this whole matter together. It was during Mr Butt's time; he will be able to advise the Committee in private of more information, should you wish it.

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Along with new arrangements and deals usually comes money, as I was saying at the previous hearing. It usually does (*Interjection by Mr Watterson*) because this is collective bargaining and the unions would usually want to know how much money is... and that would have to be fair and reasonable, so it is not a case... Please do not get us wrong about thinking about throwing money at something, but the issue and the incentive to fit in with the revamping of the way that the Civil Service operates by moving to the next stream down, which is the Corporate Development Group, I cannot see anything other than it would mean money, and because we have no money for now or the foreseeable future, we are just continuing to maintain the structure, in order to implement it when we have got a little bit more room so to do.

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Q261. Mr Watterson: Mr Houghton, you said that the Corporate Leadership was able to be introduced, not by throwing money at it, in your words, but actually by saving money. Are you saying that the same is not achievable at the next grade down?

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Mr Houghton: I am just saying, and I can say no more, because obviously we have not even got to that stage, so we are only dealing with a hypothesis at this particular point, with the Corporate Development Group.

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Q262. Mr Watterson: Maybe I can turn to Mr Stewart, then, and ask him a similar question. Is that basically what you are saying, inasmuch as we are not saying the Corporate Leadership Group has cost more money – in fact, it has saved money – but if we are going to do it to the next grade down, it is going to cost money because we are going to need to, basically, pay some people more within that arrangement?

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Mr Stewart: I think I have to answer it in a slightly different way. Proposals for the Corporate Development Group were tabled at a particular time. Shortly thereafter, the – if I remember correctly – renegotiation of the VAT arrangement came about. The Commission would only look at the question of pay rates or ranges for a Corporate Development Group much closer to an agreement.

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I think, in my letter, I made the point that initial proposals had been set out for the Corporate Development Group to the Government Officers' Association, which is, in essence, a series of principles. There would be a considerable way to go along the road of negotiation, that the question of pay which would be one which would have to be looked at, at a time closer to final proposals being tabled, and it would have to take into account such things – to quote from my letter – as relevant labour conditions and affordability at that time. That is the only way that we can work.

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As you will be aware from the report which was commissioned by yourselves in respect of the PAC, there was, for a period of time, a hiatus in negotiations, while the general pay award for the Civil Service was dealt with and completed. We are actually in a difficult position regarding Civil Service pay currently. As you will recall, in 2009 the matter went to arbitration and an unconsolidated award was given. The Commission's position, as with other employing bodies across central Government public service, is to propose a pay freeze.

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The focus of attention currently is on pay generally for the Civil Service, as indeed is the Commission's focus, as opposed to looking specifically at one element for developments such as corporate development.

Q263. Mr Watterson: Mr Stewart, if I can put it another way, the claim is that the Corporate Leadership Group saved the Government money.

1945 **Mr Houghton:** Yes, we have given you that example on spot pay.

Mr Stewart: No. We were asked for figures about additional costs, which were provided to the Secretary to the PAC.

1950 Our correspondence with that has made it clear that there are costs attached to this. There is, however, the potential for savings. What we have talked about this afternoon specifically are individual examples where savings are being achieved because of the different way that pay is being managed. I do not think anybody has ever sat here and said, 'Net, there will be a saving in respect of the Corporate Leadership Group.'

1955 **Mr Watterson:** Mr Houghton just said yes.

Mr Houghton: We have just given you, if I can clarify it, because we have been back round this and, of course, it is not a case of trying to catch us out...

1960 **Mr Watterson:** No, the –

Mr Houghton: We have provided you with –

1965 **Q264. Mr Watterson:** Mr Houghton, the question I was asking Mr Stewart is has the Corporate Leadership Group saved us money, and that is the question that you answered on his behalf. So maybe if I let Mr Stewart answer the question that I asked him that would be of great help, because then I have a corollary that follows straight on from it. Has, or will, the Corporate Leadership Group save us money?

1970 **Mr Stewart:** I think that is an impossible question to answer, frankly, because it depends on the way that pay management pans out, going forward. We waited for a significant time, from January 2007, for the pay management elements and the difference between spot points and incremental progression in relation to the old chief executive pay band 1 to begin to take effect.

1975 In fact, I was beginning to think it was never going to happen, and yet two examples of that, which are individual savings, potentially, in their own right, have come along. Throughout our correspondence we have been asked questions about costs, costs about establishing the Group, which we have answered, and additional costs in salary terms in each of the years which have followed.

So I cannot answer your question in the sense of it will save £x or it will cost £x. It depends what happens over a long period of time.

1980 **Q265. Mr Watterson:** Wouldn't it have been a good time, in fact, during more difficult economic conditions, when you could say the pendulum has swung more towards the employer in terms of a negotiating stance, to introduce a Corporate Development Group along the lines that you might have wanted?

1985 **Mr Stewart:** That may be something the Commission will have to think about.

As I say, the focus of attention currently is in respect of pay generally in respect of the Civil Service, which is mirrored across other employee groups in Government currently.

1990 **Mr Houghton:** The political answer, to answer your original question on this, of course, because this is how the Commission has to look at it and weigh up the facts – from the example, the excellent example, that Mr Stewart has given this afternoon on that spot pay exercise, because those are the costings that the Commission looked at, but they can only be looked at in example base, which we have made quite clear to you – but from the professionalising of the senior people in the Civil Service and the costs that it took, we viewed it, as crucially as we possibly could, as value for money at the time and we re-looked at it a couple of times.

1995 I am sure we looked at it on a number of times with Mr Butt, because he had a critical eye on certain areas and, in fact, Mr Butt – correct me if I am wrong, Mr Butt – took an awful lot of time and effort into looking at it yourself to satisfy yourself, which you quite correctly did, to see – and that is only from the basis of by example, rather than looking at every single post and working out the pros and cons of that post – that going forward it was for the value-for-money aspect that was very economical and that is the only way I can do to assist with answering that question.

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2005 **Q266. Mr Watterson:** The only reason I asked – sorry, Chairman, finally – was that the comments that Mr Stewart made seemed to imply that the unions were not going to come to the table to talk about a Corporate Development Group unless there was more money for someone somewhere down the line. I just wanted to clarify that understanding.

Mr Stewart: I cannot speak on behalf of the unions.

2010 **Mr Watterson:** But that was the comment you made about the unions not coming to the table at that time –

2015 *Mr Houghton:* Again, it is hypothesis, because we never got into that arena, and that is the reason why I can only tell you politically that, because it is not a matter of fact, other than the fact that it would be something for the Commission to look at in the future. But I can be absolutely sure that it will mean negotiations on a money basis, on a cash basis.

2020 Of course, all that will be looked at very closely and carefully in the future, but there is no point in really going there until we have a way forward in being able to bring money to the table – but it is not for circumstances now.

The Chairman: I would like to wind up with final questions. Mr Henderson, anything?

2025 **Mr Henderson:** No, nothing, thank you, Chair.

The Chairman: Mr Cregeen.

2030 **Q267. Mr Cregeen:** Could you tell us how many people you would deem would be in the Corporate Development Group.

Mr Stewart: Given that we have not looked at that in quite the detail at this point, I would guess somewhere between 100 and 200, and probably around... Somewhere circa 200 would be my guess.

2035 **Q268. Mr Cregeen:** And would you not say across the whole of the Civil Service, below the Corporate Leadership Group, there is the thought that those at the top of the greasy pole have done very well out of this, and now that there is no more money, as you said, to develop any other things, why would anybody else want to move along, because the ones at the top have generally got an increase... Why would other people further down the pole think about changing their job descriptions, because what are they going to get out of it? Isn't that your difficulty, that there is a perception across the whole of the Civil Service that the Corporate Leadership Group has done very nicely: now what's in it for us? So you are going to have to deal with a union who will be saying, 'Now what about the masses?'

2045 *Mr Houghton:* We are currently dealing with the union, as you know, who are quite rightly looking after their members, in order to get an ordinary pay increase. This, if it was negotiated with money, would be quite out of context, if we were negotiating this – even if we ever could, and we cannot – if we were dealing with negotiating this with money attached and there being no annual pay deal, as far as pay implementation on an annual basis is concerned. So that rules that out completely.

2050 You must remember that I think we had four sections of the Civil Service we wished to deal with: the Corporate Leadership Group; next, the Corporate Development Group, of course; and then moving on two sections below that, once we had the Corporate Development Group in order. They would all be called different groups, to take in the whole of the Civil Service in sections. So the next one – and we still have that targeted to move forward at the appropriate time – is the Corporate Development Group. It just does not exist at this time.

2055 **Q269. Mr Cregeen:** With the benefit of hindsight, would you not have said that you should have had them all in a line, ready to go, before implementing the first?

2060 *Mr Houghton:* The amount of work that went into setting up the Corporate Leadership Group was massive. The Civil Service Commission followed that. Mr Butt will be aware of that – because you looked at the Corporate Development Group, Mr Butt – and there was a massive amount of work and that work was undertaken by Mr Stewart, who knows every part of it. I saw the files. We have a member of

the Commission attached to that, to brief the Commission on a political basis along with Mr Stewart on that.

2065 It would be far too much and unmanageable to manage all four sections of the Civil Service in one go. That was the purpose: to start with the first group and move it down through and going forward. I would have thought by now, had everything been going, we would have been moving into the third section now, having completed the Corporate Development Group. It is on hold and I just regret that that is the case, because that is our way of moving and professionalising the Civil Service across the board.

2070 **The Chairman:** Mr Watterson. Mr Gill.

Q270. Mr Gill: Just on that regret, Mr Houghton, everything you have described about the Civil Service, as in terms of the Corporate Leadership Group and the rest of the Civil Service. Is that correct?

2075 **Mr Houghton:** Just to sectionalise it, to give you an idea how we plan to work it through, because it was our intention and always was our intention... always is our intention, for the Commission to work this right through the whole of the Civil Service, but done in manageable sizes and properly managed and organised, but they are very large pieces of work and that is the reason why we set out to do it one by one.

2080 **Q271. Mr Gill:** In terms of that, then, you were going to have it into four sections –

Mr Houghton: Roughly four sections.

2085 **Q272. Mr Gill:** At the moment we have two sections, the Corporate Leadership Group and the rest, so we move from a unified Civil Service to a split Civil Service.

2090 **Mr Houghton:** No, completely wrong. It is wrong, insofar as what we are trying to do, the whole purpose of dealing with this, that the Public Accounts Committee has dealt with now in some great depth, was to try and prove in the very best of endeavours to the Public Accounts Committee that what we were doing... the first being the Corporate Leadership Group, which is your principal interest, of course – but that we were trying to work this down through the whole of the Civil Service, section by section.

2095 Just because we have got the Corporate Leadership Group up and running as a group... and remember, we are grouping them in a pay group, not as a group of people and that is why it will not split the Civil Service.

The Chairman: Mr Butt.

2100 **Q273. Mr Butt:** Very briefly, Chairman. I was, indeed, on the Commission shortly after this was launched, and I did have concerns about it. My main concerns are still – and they were at the time – where is the measure as to how this is working? I think I ought to take away from today your assurance that things are measurable and you will be measuring how things have progressed, it is not impossible.

2105 The second thing is: will you be also identifying senior posts, senior civil servants who are near to retirement, or within two to three years of retirement, and maybe getting a proper succession planning in place now, so that it is actually in place? It did not happen properly, because of various outside circumstances, but can we have an assurance that maybe this now is going to happen?

2110 **Mr Houghton:** If I may say, I would like to assure you, but I cannot assure you that. What I can assure you is that we will do our very best to do that. We will do our level best to do that because that is what we have been doing already, of course. But, I cannot assure you of that because you just do not know what is going to happen tomorrow, depending on the forces and pressures that there are all over Government for the various reasons that we all only know too well.

2115 **Q274. Mr Butt:** Would you accept, there should be in place a plan and there should be in place measures, which is what I think this needs?

Mr Houghton: Yes, I accept and I fully endorse what you are saying, that we will do our very best of endeavours and continue to do that, in order to more professionalise the Civil Service. That is what I am at, as the Chairman of the Commission, and I represent all the other Commission members' views of this.

2120 Can I say, Chairman, that we were very fortunate to have on the Commission some very professional people, who are most helpful in driving these professional ambits forward and checking the issues on a monthly basis. So we are well resourced with professional support of people giving us of their time, in

order to properly advise the Commission. It is only a pleasure to be its Chairman. I thank you for that.

2125 **The Chairman:** Thank you.
Mr King, any questions? Mrs Cullen? Right.
Can I thank you both very much for coming back in this afternoon and further enlightening us on various aspects of the CLG. I am sure it will help us in formulating our final report. Thank you.

2130 **Mr Houghton and Mr Stewart:** Thank you very much.

The Committee sat in private at 4.45 p.m.