



Northern Ireland
Assembly

Public Accounts Committee

OFFICIAL REPORT (Hansard)

Inquiry into Capacity and Capability in the
Northern Ireland Civil Service: Department of
Finance

3 December 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr William Humphrey (Chairperson)
Mr Roy Beggs (Deputy Chairperson)
Mr Cathal Boylan
Mr Harry Harvey
Mr David Hilditch
Mr Maolíosa McHugh
Mr Andrew Muir
Mr Matthew O'Toole

Witnesses:

Ms Anne Breen	Department of Finance
Ms Sue Gray	Department of Finance
Ms Jill Minne	Department of Finance
Mr Stuart Stevenson	Department of Finance
Ms Michele Woods	Department of Finance
Mr Kieran Donnelly	Northern Ireland Audit Office

The Chairperson (Mr Humphrey): I welcome Sue Gray and Jill Minne. I also welcome Anne Breen, Michele Woods and Stuart Stevenson, who join us remotely. If you would like to make some opening remarks, members will ask questions afterwards.

Ms Sue Gray (Department of Finance): Thank you very much. Thank you for the invitation to attend today to provide evidence on the Audit Office report on capacity and capability in the Northern Ireland Civil Service (NICS).

I welcome the constructive engagement of the Audit Office and the Committee on these issues. We all want the same thing, which is to provide the best possible public services to the people of Northern Ireland. Although the review is NICS-wide, the Department of Finance, as lead Department with responsibility for these business areas, has been working closely with the Audit Office throughout its investigation and with colleagues in other Departments. The report is timely and sets out the long-term transformational journey that the NICS is on to improve its capacity and capability. Importantly, the report acknowledges that the Civil Service has continued to deliver vital services against a backdrop of unprecedented and challenging circumstances.

The context of the report is also very important. Since I joined in May 2018, the Civil Service has faced unprecedented challenges. There was no Executive for three years, and we have had the New Decade, New Approach deal, Brexit, COVID and a Civil Service post the renewable heat incentive

(RHI). Against all of that, the Civil Service has continued to deliver. It is vital that the public have confidence that the Civil Service can and will deliver public services, and we want to be judged by our actions.

I am hugely proud of what the Civil Service has achieved. In my Department, Land and Property Services (LPS) has repurposed itself as a grant-giving body and is engaged in the largest business support scheme that we have here. The team is working seven days a week to get payments to businesses, and the Account NI team is doing the same to make sure that the money gets paid. We have devised and implemented schemes to support our airports, provided a £300 million rates support package to help businesses and are looking ahead to next year at how best to target support. On top of that, we have delivered nearly £300 million of business grants, which is a combination of a £10,000 grant scheme and the current support. We have delivered support to businesses that contract with government to keep money flowing when contracts cannot be worked on. That sort of work is happening across all Departments, and I am immensely proud of what the Civil Service is doing. That is all happening against the backdrop of a very different working environment across the Civil Service. People have readily accepted their different ways of working, which are in line with the latest guidance.

Positively, the Northern Ireland Audit Office (NIAO) report identifies many of the issues already included in the programme of work outlined in the NICS people strategy, which was put in place in early 2018 to address a number of long-standing organisational developments and people and leadership issues, including those raised in a number of reports such as that of the RHI inquiry. I fully acknowledge that there is more to do, but progress has been made in many of the areas highlighted by the NIAO.

We have been running large-scale external recruitment campaigns at grades for which that is unprecedented. We have introduced new approaches to workforce and recruitment planning, developed and delivered a range of learning and development initiatives, including commercial skills training and development in the areas of contract and project management and digital and cyber skills. It was not that long ago that I was here talking about all of that.

I am mindful that the Audit Office report notes that the issues raised are not issues for the NICS HR function or the Department of Finance alone; they will require senior leadership commitment across the Civil Service. I recognise that my Department has a key enabling role, and I am committed to working closely with senior leaders across all NICS Departments and other key stakeholders. The report will also be very helpful in the work that we will start on reforming the Civil Service. I look forward to the discussion.

The Chairperson (Mr Humphrey): OK, thank you. It is important to put on record our thanks to the civil servants, particularly those in your Department and the Department for the Economy for processing much-needed grants. Having been to my constituency office this morning, I know that businesspeople are very concerned about money being released as soon as possible, because it is, for many of them, a lifeline. If they do not get money soon, they will be in very, very difficult circumstances.

Ms Gray: I really understand that. I am dealing with a lot of questions from MLAs and others. The latest figures, as of today, are that we have paid out nearly £45 million on the current business support scheme, but we have more to do. We are very aware of how businesses and individuals are feeling.

The Chairperson (Mr Humphrey): OK. I accept that you are responsible only for your Department and that this wide-reaching report applies across the Northern Ireland Civil Service. However, having read the report and discussed it last week, and having listened to evidence from the Comptroller and Auditor General (C&AG) and his team, we are very concerned about a range of issues, which members will take the opportunity to raise with you now. I was struck by the fact that it appears that five Departments had no workforce plan — in 2019-2020, five Departments in the Northern Ireland Civil Service had no workforce plan. How can that be the case in an organisation the size of the Civil Service and in the respective Departments that we are talking about?

Ms Gray: I think that the Department of Finance is one of the five. At the time when the most recent work — there has been a lot of work over the years — was being compiled, my teams contributed to a workforce plan. However, when I looked at that plan, I became concerned that the numbers in it were very high and would have been unaffordable in many areas. Also, I wanted to take that workforce plan and start to look at the skills gaps and the development that was needed. A little while ago, I was here

explaining the work on contract management and commercial skills, which is what we have been doing alongside this. We are in the process of updating our workforce plan with that other very important information. There is still a lot more to do. My Department was one of the Departments concerned. That was mainly because some may, I think, have thought that it was an exercise to set out what they would really like. However, there needs to be some challenge to that. Then, COVID and other things intervened.

The Chairperson (Mr Humphrey): You will know from your previous appearances in front of the Committee that we are very keen to see the new head of the Civil Service when he or she is eventually appointed. That senior civil servant will be the accounting officer for the Northern Ireland Civil Service. When the most recent head of the Civil Service was in front of us, he said that he did not have that authority or responsibility, which shocked a number of members. As a Committee, we unanimously reached the position that, going forward, the Northern Ireland Civil Service needs to become rather like the Scottish Civil Service, the head of which does have that role and responsibility. You are in front of us today as the accounting officer for the Department of Finance, and four other permanent secretaries out there are in the same position as you, yet the head of the Civil Service does not currently have the power to intervene. Is that right?

Ms Gray: We are Departments in our own right, and we all have our own powers. If the interim head of the Civil Service has concerns, or her predecessor had concerns, about how I am working, I would expect them to have a discussion about that. We are considering that recommendation as part of the current report on major capital projects, and we will come back on that.

The Chairperson (Mr Humphrey): I will just let you know that, prior to your coming in, we took the decision to write to Ms Pyper asking her to meet the Deputy Chair and me to discuss a number of issues, including the one that I have just raised with you. You will understand that, to be honest, it seems incredible to us that, in 2020, the head of the Civil Service can ring any permanent secretary to raise an issue but does not have the power to deal with it. However, we are where we are with that. Hopefully, going forward, it will be rectified.

The other issue is that some people have been in a temporary post for four years. There are conclusions that one might reach about the fact that someone has been in a temporary post for four years. What is being done to address that issue in the Civil Service?

Ms Gray: The HR team provides a regular report to us, which is very helpful and includes a lot of data, including temporary promotions by Department.

I want to reduce the number of temporary promotions. In my Department, I sit down with my leaders, I go through all their temporary promotions with them, and I try to understand why people are on temporary promotions. We also discuss whether we have a supply situation that can change that and a plan to get out of that in a fairly short time. For a number of years, there was a recruitment freeze and no external recruitment. That brought many problems, and people were temporarily promoted as a result. I can speak only about my Department, but that is what we are doing. Quite recently, the permanent secretary group also discussed temporary promotions. We are all in the same place about what we want to do and where we want to get to.

Mr Beggs: If someone is on an extended temporary promotion, after what period does employment law make that position permanent, or does it?

Ms Gray: I do not know the exact legal position. The NICS has a policy of recruiting through fair and open competition, and promotion boards are the same. The aim is to fill vacancies through competition. It would be difficult to go against the legislation and make people permanent or substantive on the basis of on the length of time that they have been in post.

Mr Beggs: It would not be difficult if employment law said that it was automatic when someone had been in a position for a certain length of time. Are there not some employment rights that come with length of service?

The Chairperson (Mr Humphrey): There are, yes.

Ms Gray: I do not know.

Ms Jill Minne (Department of Finance): May I come in?

Ms Gray: Go ahead, Jill.

Ms Minne: Those employment rights relate to fixed-term contracts, but these people are temporary. They are substantive employees of the Civil Service. They have substantive posts but have been temporarily promoted. You cannot have two employment law contracts at the same time.

Having people temporarily promoted for that length of time is not where we want to be — absolutely not — but that employment law does not relate specifically to them. It relates to people who are on fixed-term contracts and applies after four years. I can certainly follow that up with specific advice from the Departmental Solicitor's Office (DSO), if that would be helpful.

The Chairperson (Mr Humphrey): Yes. That would be good. Is that OK, Mr Beggs?

Mr Beggs: Yes, thank you.

The Chairperson (Mr Humphrey): It is not that we are trying to be awkward or inflexible.

Ms Gray: No, I know that.

The Chairperson (Mr Humphrey): I accept that it is necessary when someone goes off on maternity leave or when someone is ill.

Ms Gray: Yes, absolutely.

The Chairperson (Mr Humphrey): I also accept that there was a recruitment freeze. However, it is rather hard to understand how someone can be in a temporary post for four years.

Ms Gray: Yes, I accept that. We will always need to have temporary promotions in the circumstances that you have described. I fully accept that. We are having very active discussions and have discussed a supply situation to fill posts at certain grades externally and from within the Civil Service. That work is under way. In my Department, I will need some people on temporary promotions, but I am being very active in reducing the number. Some are quite long-standing.

The Chairperson (Mr Humphrey): OK. A number of members were also very concerned about agency costs. If my notes are correct, agency costs will increase by 155%, and the cost of agency workers to the Northern Ireland Civil Service over four years was something like £150 million.

Ms Gray: Jill and I are completely together on that. We do not want to have as many agency staff as we have currently. We want our people to have permanent jobs. There will always be a need for agency staff as well, but not in the numbers that we have. Where possible, people deserve to have permanent contracts.

Quite a lot of our agency spend is on Department for Work and Pension (DWP) matters. We do a lot of work here on behalf of DWP. However, it is a DWP service, and it could decide to take that service elsewhere.

The Chairperson (Mr Humphrey): This is where civil servants who are based in Northern Ireland provide services to the Civil Service nationally.

Ms Gray: No. The Department for Communities operates a lot of benefit payment services on behalf of DWP. The payment of benefits is a DWP function, and it has asked DFC to carry it out. That is working very well but most of those staff are agency staff. Jill may wish to add something more about the use of agencies.

Ms Minne: We are actively looking at the issue of agency staff. That is why we launched a very large-scale external recruitment competition for administrative officers (AOs). The vast majority of agency workers — 81% — are at AO grade, and 71% of those are in DFC, which is where the DWP work is done. Forty four per cent of agency staff are engaged in work for DWP. We launched an administrative officer competition because that is the area of need.

We have been asked by Departments to supply 900 AOs, and we now have a supply of 1,700. We had to go about recruiting them in a very different way because of COVID and the social-distancing measures in place. We cannot bring in 900 people all in one go, but we have them ready. The Departments need to phase their introduction in such a way that we can ensure that we are complying with the Executive's COVID guidelines. Bringing in those staff will help dramatically, because that is where the vast majority of agency staff are. The agency workers are covering vacancies, although that is not the best way to do it.

The Chairperson (Mr Humphrey): Did the recruitment of those 900 additional civil servants follow a skills audit? One of the things that we found striking was that only four of the Northern Ireland Departments had carried out skills audits.

Ms Gray: The AO competition that Jill is talking about is an entry grade competition. Most of those people will come in to take on admin roles currently covered by agency workers.

Ms Minne: Notwithstanding that, it is very much the case that we have tried to focus on that. The NIAO report refers to looking at job roles and getting the right people into the right posts. Sixty five per cent of Civil Service staff are in the general service grade. Within that, however, are areas where we need to look at getting the right people in the right roles. We have very much focused on those front-end roles. Those working in DFC in particular are on the front line and must have customer service skills. We therefore developed bespoke tests to try to get people with those skills, rather than going for a generic approach.

The Chairperson (Mr Humphrey): Reading the report, we found that 19 of 22,000 permanent civil servants in the Northern Ireland Civil Service were found to be unsatisfactory. That suggests to me that whoever carried out the investigations either did not actually carry them out or had a fairly indifferent attitude to them. I cannot believe for a moment that only 19 people's performance was deemed unsatisfactory. I find that incredible. I will not labour the point, but when the people of Northern Ireland hear that, they will find it equally incredible. Add that to the five Departments with no workforce plan and only four Departments with a skills audit, and it is not a very good picture that emerges about the Civil Service and how it looks to place itself with regard to future planning. The Civil Service needs to do a huge amount of work around that.

I will finish with this point and let other members come in. Having had various permanent secretaries and, indeed, the Strategic Investment Board (SIB) in front of the Committee, it is my view that the aim or goal of the Northern Ireland Civil Service is to work and develop itself so that the SIB is no longer needed. Is the aim that the skill set required to carry out the functions and role of the SIB will be in-house?

Ms Gray: There will probably always be a role for the Strategic Investment Board in the big strategic projects, perhaps at an early stage. The Civil Service already has many of those skills and much of that expertise, but I certainly want to get more so that the Strategic Investment Board can focus on being just that — a strategic investment board. At the moment, we rely heavily on the SIB for many skills. However, we have many people who deliver in those areas.

Mr Hilditch: I want to follow on from the Chair's line of questioning about performance management, given the absolutely astonishing statistic that only 19 staff from a workforce of 22,000 were given a performance rating of unsatisfactory in 2017-18. Last week, I relayed to you, Ms Gray, that, when my generation left school, getting a job in the Civil Service was the thing to do to, because it was easier to get out of Crumlin Road Gaol than the Civil Service. It was the place to be. Whether that has changed, I do not know. How will you make it fit for purpose? How will you find some sort of performance system in the Civil Service to crack that nut?

Ms Gray: It is a very difficult area. In a minute, I will let Jill talk about the work that we have going on. I come from a Civil Service where we have performance-related pay and a system of performance management. There are some positives in that. However, there are an awful lot of negatives. We spent quite a lot of time sitting in a room talking about individuals because it was all about their pay. There is an awful lot to be said on the plus side about the performance management system here, in that it is not linked to the top 25% getting everything.

Performance management is important. However, as important, if not more so, are the development discussions at the time of doing the performance appraisal, which should not be annual but should be done throughout the year. Anne is leading on some really good work on developing our talent — I am

not sure whether any of us likes that word — our people. For me, that is the most critical thing. If we can get to a point where we are having those discussions alongside performance management discussions, that will make a big difference.

Mr Hilditch: Would staff who were deemed satisfactory still strive to improve their performance?

Ms Gray: Yes. No matter where you are, what level you are at and what sort of performer you are, you will always strive to do better or to improve and develop yourself. That will always be the case. If it is OK, I will ask Anne to talk about some of the really good work that she has been doing.

Ms Anne Breen (Department of Finance): Thank you, Sue. I must reiterate that quite an important aspect of our performance management system is that we really try to concentrate on identifying issues early, supporting people and ensuring that staff have the right support to be able to develop to a point where they are working satisfactorily. That has always been key for us.

Previously, we had a five-box system. We had a lot of issues with that, and people asked, "Why am I a box 3 and not a box 2?". Really, throughout all this we find that the development conversations are absolutely key to that. We have worked on introducing new development conversation guides for our managers so that they can have those conversations right through the assessment period, not just at the end of the time, so that they are regularly aware of what support their people need and how they can work with them to be able to move them into that satisfactory category. As well as that, we are very keen to make sure that the people themselves become very involved. Our guides are for line managers and for our staff so that they know what development opportunities are available for them. That has been a key focus for us over the last two years, and I think that it is really important, irrespective of the system that we use. The system will only be as good as the conversations that are happening in that system.

Mr Hilditch: Will somebody explain to the Committee why the report highlights that, in 2017-18, there were over 1,000 members of staff to whom no explanation was given for why they did not have a rating awarded?

Ms Gray: Obviously, that is not something that we wish to see. There will be a variety of reasons for that, but everybody should be having that conversation and that marking recorded. It is a big piece of work for us to ensure that that happens, and we want to do it.

We are constantly looking —.

Mr Hilditch: What were the reasons for that?

Ms Gray: Sometimes it will be that an individual has not agreed to a meeting or they have not been able to get a meeting in the diaries because of workload. They may be off or off sick. There may be a variety of reasons.

Ms Minne: Around 50% of those people were on maternity leave, sick leave, a career break or whatever it might be. That still leaves the remainder who did not have them. I have to say that there may have been times where they were undertaken but were not recorded on the system. We get our management information from the HR Connect system, and, from an HR perspective, we monitor it at regular points. It is up to the line managers in the Departments to carry that out. It is a year-long process, not just something that happens at the end of the year. At the start of the process, you agree objectives and a plan. You then do a mid-year review, and you then do your year-end review. We monitor all those, and, as Anne said, we have developed and are just about to roll out tools for line managers to make sure that they have those conversations more regularly and not just three times a year.

Mr Hilditch: Did they not have the tools before?

Ms Minne: A lot of people do, but, because it is the line managers who do it, we felt that it was necessary for us to give them support. We have also reviewed the performance management policy and have trained line managers in it. We have produced videos and given guidance notes, so we are really trying to get that culture of performance management to be not an end-of-year tick-box exercise but an ongoing process. We have development programmes at every grade in the Civil Service, and, in those development programmes for line managers, we talked about the need to manage

performance. By the end of the year you would not want to see too many. The numbers have, by the way, increased from the time that the Audit Office produced its report, but you probably do not want a target of underperformance; you want a target whereby you make sure that, throughout the year, line managers have managed their staff appropriately. We embed a culture of continuous improvement and learning and development.

Ms Gray: I can tell you about a couple of things that we have done in the past year or so. The permanent secretary group met and discussed all our grade 3s, and, in that, we talked about development, whether moves were needed, what skills people had and how we could best use them. In the Department of Finance, we took that back and conducted the same exercise for our grade 5s. That is the work that Anne has been embedding as part of the development work.

Ms Breen: Our people had the tools, but the new guides that we are introducing are bringing in a talent map that is used in other organisations and in the GB Civil Service. That really does start to be able to make the conversations more relevant when looking at the individual, where they are in their career, their aspirations and then giving a route to the best development option for them. That work has commenced in the Senior Civil Service (SCS), and we are now rolling that out as a tool that can be of use at all levels in the Civil Service.

Mr Hilditch: Thank you. I know that other members want to come in on other issues, but, finally, the process for recruitment is taking up to 20 weeks in the Northern Ireland Civil Service. Why is that, and why does it take so long?

Ms Minne: A case study was presented in the report. There are a number of variables that impact on the time frame for recruitment. For example, they can be in getting the panel together, the availability of the panel, how long it takes for somebody to be security checked or how long their notice period is. There —

Mr Hilditch: When you say "a panel", do you mean an internal panel from HR?

Ms Minne: A recruitment panel, yes. It depends on the nature of it, so if there are —

Mr Hilditch: I understand that you have some 360 HR staff across the Civil Service. Is that correct?

Ms Minne: Over what, sorry?

Mr Hilditch: There are 360 HR staff alone.

Ms Minne: Yes, but the panel is made up of people who are recruiting, so the Department that is recruiting will form the panel. It is not HR. HR does not comprise the panel. We manage the process, but the panel will comprise the employing Department.

In the particular circumstances that are referred to in the report about getting a panel together, there were issues about the customer, if you like, which in this case was the Northern Ireland Statistics and Research Agency (NISRA), asking that the interviews span over the summer in order to get graduates coming out of university. The time frame was maybe not quite as set out there. There is also a notice period.

We in HR cannot put somebody in post unless there is funding and headcount. In other words, we cannot put them in post until we have that assurance that it is affordable. Until we get that, we will not put the person in post. Sometimes that does not always come to the Department.

Mr Hilditch: So, there could be vacancies in the Civil Service that are not budgeted for?

Ms Minne: The check that we have is that we have to get the sign-off, so that is approval that the finance people have signed off for the post. That is a check and balance that we have.

Mr Hilditch: That certainly seems to be a bit cumbersome. If quite talented people who are looking for a job have to hang around for five months to see whether they have been successful, surely they are going to be away to other places — I will not say where there is better management — because taking five months to appoint somebody is scary.

Ms Minne: Recent large-scale competitions that we managed had 15,000 applications for one, 9,000 for another and around 4,000 for the other. That will have us in March in a supply position of 2,000. We did those competitions in eight weeks, so there are significant improvements. From the day that we launched the competitions, which involved bespoke testing, assessment centres, interviews —

Mr Hilditch: Out there in the private sector you could probably do that in two to three weeks.

Ms Minne: Pardon?

Mr Hilditch: Out there in the private sector, where they are busting to get the best talent brought forward, they would be doing that in two to three weeks.

Ms Minne: I cannot comment on that. My experience of other organisations —

Mr Hilditch: Even five weeks seems considerable.

Ms Minne: Recruitment is a real investment, and it makes sense to do it absolutely right. My understanding is —

Mr Hilditch: If you are losing that investment to other bodies in other sectors, it is not really.

Ms Minne: My understanding is that eight weeks is a good benchmark.

Mr Hilditch: Maybe you need to improve on that.

Ms Gray: I think that the recent exercises that Jill is talking about were massive for here and were a very different scale of competition compared with what had been done previously. They were for grades that had not been previously advertised in that way, and we had a fantastic response. Actually, we have got some of the very best people joining the Civil Service. The time that it took for those large-scale recruitment exercises is very comparable with the time that I was familiar with in the Cabinet Office when I was there. People sit tests in assessment centres, and there is an interview process, so all that actually takes time. It is important that it takes time so that we make sure that we are getting the best people. However, the 20-week period is very exceptional.

Mr Hilditch: You have to compete as well, however.

Ms Gray: Pardon?

Mr Hilditch: You have to compete against others as well.

Ms Gray: Yes.

Mr Hilditch: You just cannot sit back and say —

Ms Gray: I would not dream of sitting back. I think that we definitely have to compete —

Mr Hilditch: That is the way that it is coming across to me.

Ms Gray: We know that we are competing against the very best —

Mr Hilditch: Absolutely.

Ms Gray: — and we want to get the very best into the Civil Service, so we know what we are competing against. Previously, we did not advertise externally at those grades. That is a huge step forward, and I think that it will introduce new talent to the Civil Service. The job does not just stop when we get people in; we then have to make sure that they want to stay and that we give them the development, learning and opportunities to want to stay with us. We want to be the employer of choice.

Mr Hilditch: Hopefully, they do not read this report. *[Laughter.]*

Mr Muir: First, I echo some of the comments on the appreciation of civil servants and the work that they do —

Ms Gray: Thank you.

Mr Muir: — particularly during the pandemic. It has been extremely difficult, and it is greatly appreciated. I am grateful for you coming here today in the context of everything else.

Touching on the temporary promotions that are taking place, people have contacted my office concerned at the level of temporary promotions in their workplace. There is a worry that some people could be in temporary posts when they probably do not have the right skill sets or abilities to manage some of the complex projects. What assurances can you give me about the sort of checks and balances that are put in place to ensure that that is not the case and that the people who are in those temporary positions are fully qualified to be able to undertake them?

Ms Gray: A lot will depend on the nature of the role. Often, where you have a temporary promotion, you will compete for that temporary promotion. That temporary promotion offer should be available to a certain group to apply for. It is normally not just about asking one person; instead, you are competing for it. However, it should be relatively —.

Mr Muir: Temporary?

Ms Gray: Yes, temporary. *[Laughter.]* It should be temporary. When you do that, you want to make sure that the job that you are competing for, even if it is on a temporary basis, is one that you get the right skills for. I do not think that because somebody is in a temporary role they do not have the skills; that is a critical factor for this.

Ms Minne: Also, in the performance management policy and system that we have, the line manager has to say whether the person is able to undertake a role at a higher level, so there is that check and balance as well.

Mr Muir: Does the performance management process apply to the role that they are undertaking?

Ms Minne: Yes. They will say whether they believe that the person is capable of moving up to a higher role.

Mr Muir: One other issue that could lead to more temporary positions is the ageing workforce in the Civil Service. I am not young, so I am not —.

Ms Gray: I am certainly not either. *[Laughter.]*

Mr Muir: I do not need to declare an interest.

There is a real concern that there are quite a lot of retirements due in the next number of years, and that is a particular concern for the Senior Civil Service. What assurance can you give that action is being taken to deal with that? I ask because that has quite a reputational and organisational risk.

Ms Gray: First of all, we all agree that we need young people in our Civil Service. We need young people around the table when we are developing policies and implementing practices. We need young people who are going to challenge us and bring other perspectives into the workplace. Basically, we all need our kids around to tell us what they think. We are really focused on that, and the external competitions that we have run have brought in a younger workforce.

Having said that, we also need corporate memory and continuity, and we need good succession planning arrangements, which are always part of our skills analysis and our workforce planning, in order to make sure that, when people leave, we have others coming up to take over from them. That is a big part of the work that Jill and her team are doing.

Ms Minne: Sue mentioned that we had a moratorium on recruitment for quite some time.

Mr Muir: How long was that for?

Ms Minne: It was for at least a year, and then we had the voluntary exit scheme (VES), under which 15% of the organisation left. We have an internal promotion board system, so we do not normally recruit externally. Until we launched the recruitment exercise in May 2019 for staff officers (SOs), deputy principals (DPs), administrative officers (AOs) and work coaches, we had not externally recruited at that middle management grade. By the end of this financial year in March, we will have 2,000 people recruited, and that has already started to bring down the age.

We are also looking at trying to expand apprenticeships in the Northern Ireland Civil Service. We have three apprenticeships at the minute in ICT, civil engineering and mechanical engineering, but we have started work on procurement apprenticeships and operational delivery apprenticeships. If we do that, we will attract apprentices. We talked about trying to compete with the best, if you like, and we have absolutely looked at how we advertise and direct it towards young people through Facebook, other social media, radio and all that in order to try to make it more attractive.

I know that age was flagged up, and it is a very real concern, but there are other areas in which we are under-represented. We are under-represented in terms of disability and other areas. There has been a historical imbalance in the number of females at the top of the organisation. I know that the Audit Office did not really refer to the diversity and inclusion work that we have done, but we have done a lot on trying to remove barriers for those people as well. Age is certainly one area, but there are others.

I may have got the time frame of the moratorium on recruitment wrong.

Ms Gray: It seems a lot longer than a year. *[Laughter.]*

Ms Minne: I am sorry; my head is a bit pickled. Michele or Anne might be able to help me. It was before my time anyway. I have been here for only three and a half years, so apologies. Michele, do you know?

Ms Woods: I think that it coincided with the VES in 2015-16 and was lifted just at the turn of the year in 2016, so it probably ran for about 18 months.

Ms Breen: It slightly preceded the VES, because one of the issues for us was that, before we went anywhere near a VES, we had to do that moratorium on recruitment to see whether it was sufficient without having to move to a VES. I agree with Michele, but, from memory, it was maybe a year in advance of that.

Mr Muir: I have one more question, Chair, if that is OK. It is about the culture in the Civil Service. Before COVID came along, that culture was very rigid. Working from home was really not something that the Civil Service entertained, but it miraculously occurred within days and has been beneficial. Friends of mine say that it has made a career in the Civil Service more attractive. Speaking personally, the fact that the Civil Service took part in Pride two years ago was a positive thing in sending the message about a culture of a modern, diverse workforce. That is important, but a lot more needs to be done to make it, as you said, an employer of choice.

Who is going to drive that culture change? Where will it come from? Will the changes in working practices as a result of COVID be made permanent, or will we go back to the old ways?

Ms Gray: Work was under way before COVID that recognised that we do not want everybody driving to Belfast every day. We want our staff to work from home or from connectivity hubs, and we have a programme of work to establish those across Northern Ireland. That work is about recognising that people spend a lot of their day in a car in traffic jams. That is not the thing to do. If I look at being an employer of choice and at young people who are coming in to work, I see that working remotely is very important to them. I do not know many young people who want to sit in an office for five days a week. COVID has accelerated that work, which is a really good thing.

About 90% of our staff are working at home or remotely. That figure needs to come down a bit; we need to have a bit more of a blend. All that work is actively under way, and we hope very soon to be able to announce where the first couple of our regional hubs will be located. It is also important that we do not set ourselves up as a Civil Service that is in isolation; we are a Civil Service that works alongside local government staff, charities and the private sector. That is how we will do our business better. Even if it is just coming in to a building, bumping into somebody in a lift and talking about a case that you are all working on, it is all for the greater good.

The NICS board has a very big part to play in culture change and leadership. That is very much where all my colleagues are. We all agree on that. We also have a big programme of work that is under way on our IT. Our IT has performed really well in the current circumstances, and all credit to IT Assist for how it has delivered it, but we need to move in to the cloud and different ways of working. That is a huge culture change. I think that, overall, our staff are happy with it. I did an all-staff event last week — I do them monthly — with over 500 people. They are so straightforward to do. If I had done that pre-COVID, it would have meant getting a venue and bringing together 500 people. I can now do it on a Webex call with everybody. That is fantastic. The response from our staff has been really good. I will say this: I really appreciate what they have done because, overnight, they changed their way of working and adapted really well.

Ms Minne: We have also worked very closely with our trade union colleagues and have developed a draft home-working policy. That will be very useful. Anne's team and the health and well-being team have put a lot of guidance and support in place for people who have been working at home over the past 10 months.

In addition, there are some people who cannot work from home because of the nature of their job. The Departments have done risk assessments for those people to make sure that they can work. We have been catapulted in to a cultural change, and we now have a blended approach and will be much more flexible because guidance and policies will be in place. We have looked to best practice elsewhere for those. They are now being developed, subject to final trade union consultation.

The Chairperson (Mr Humphrey): That can work only if good management is in place.

Ms Gray: Yes.

The Chairperson (Mr Humphrey): I spoke not to a civil servant but to a government body recently about a constituent of mine who did not get replies to emails that were sent in June until a few weeks ago because the manager allowed a member of staff to work from home, even though they did not have a computer.

Ms Gray: Obviously, you need to have a computer. We have rolled out laptops and all that.

The Chairperson (Mr Humphrey): I am simply making the point.

Ms Gray: I get that.

The Chairperson (Mr Humphrey): It was not a civil servant, but it was a government body. My point to the manager that I was speaking to was that I do not blame the person; I blame you. You are allowing someone to sit at home and do a job of work without the tools. From the information that has been presented to me, I am criticising that person because my constituent is very distressed because that person has not been replying to my constituent's emails. I now find, when I check further, that you have not given them a computer.

Ms Gray: In the Department, we have introduced a "keeping in touch" app. It is quite basic, but it allows everybody to tell us, on a weekly basis, where they are, what they are doing and where they are working from. We know, through that app, that about three out of 3,500 staff in the Department could not work from home. That was mainly due to the nature of their job. They may have been a driver or a receptionist.

Overall, in areas where we can manage and where we can understand the service that is being given, for instance in a call centre, we have seen productivity improve in the speed with which calls are answered and dealing with things. It is a very good piece of work in progress. More people will come in when it is possible, but I do not think that we will ever go back to how we previously worked, and I would not want to either.

Mr O'Toole: Thank you both for your evidence. I echo everything that has been said about civil servants delivering in practice. Having been a civil servant and now a politician, I am more than aware of how much civil servants actually have to work whereas politicians can get by with just saying things. All that being said, I want to ask about the structural things that the report outlines. There are a lot of things that individual civil servants, whether administrative officers or permanent secretaries, did not create and are not personally responsible for, but the report highlights substantial and concerning

structural issues with the Northern Ireland Civil Service compared to, for example, the GB Civil Service and also just in general.

In general terms, what impact, over the past five to six years, have austerity, the voluntary exit scheme (VES), the recruitment freeze, the suspension of the institutions, Brexit, and RHI had on the performance of the Civil Service, its capacity and morale?

Ms Gray: With 23,000 people, we are a small Civil Service. I was not here at the time, but I get correspondence and emails from people about the voluntary exit scheme expressing the feeling that decisions were taken without considering whether the skills and skill sets required were kept. There was also a feeling that decisions were made on cost grounds rather than on a skills analysis ground.

People then felt that they were doing the job of two people, which had an effect on morale. Being without Ministers for three years exposed the Civil Service to front-line criticism. No matter how great a job you do, people tend to be more critical and those are the things that people raise. People felt that they were working in very challenging circumstances. All those things have had an effect on the Civil Service.

We do an annual people survey, which has a response rate of just over 50%. We would like to have a higher response rate so that more people tell us how they feel and what is important to them. The survey's engagement score is slightly improved on previous years, but it is not where we want to be. We want to achieve a higher engagement score. It is important that we ask people how they feel and what is important to them in the workplace, how they feel about the leadership around them, and whether they can manage their workload. The questions are really good and are a helpful guide for us on how people are feeling.

Mr O'Toole: One of the things to come out in the report — I invite anyone else in addition to the permanent secretary to answer my question — is that sickness rates are, frankly, shockingly high. Why is that, do you think?

Ms Gray: Interestingly, our sickness absence rates are reducing under the new working arrangements. As part of the engagement, I have been talking to some of the team and asking them about their working day. People are getting an extra couple of hours of personal time in their working day. They are not having to travel and sit in traffic, nor are they worried about whether, if they are late leaving a meeting, they will get home to take on their caring responsibilities. Those are things that make a huge difference to people's lives and to how they feel.

We know that the people who are working at home are being very productive. That is having a big impact on their sickness absence and on how they feel. I hope that that trend will continue because it is hugely important.

Mr O'Toole: When this report was published, sickness absence was twice the UK average. Is there a local explanation? Is it to do with —?

Ms Gray: It is very high; there is a high absence rate here overall. The councils have a higher rate of absence. Jill may be able to talk about certain conditions, such as mental health. However, I think that our new way of working will make a big difference.

Ms Minne: The sickness absence rate is high in Northern Ireland, and it is common to the public sector here. The Audit Office report says that care has to be taken with comparisons because there are different ways of gathering and reporting data. Nonetheless, a comparison is given indicating that the average absence is 14.9 days in local government and 12.9 days for us, which is not good. Fifty per cent of the Civil Service, however, had no absence at all. The two biggest reasons for absence are colds and flu and mental health. We know that Northern Ireland has a higher rate of mental health issues than anywhere else. In addition, we have talked about the ageing workforce before.

We continue to carry out a constant analysis of sickness absence. It is something that requires a lot of work all the time and we do manage it. The recent Audit Office report talks about success factors in managing absence, which looks at a case-management approach and line managers taking more responsibility so that they can make early interventions. All those things are under way or are just about to be rolled out.

We have also done a considerable amount of work on mental health. We have an employee counselling service that operates 24 hours a day, seven days a week. You can refer to that, or a line manager can intervene in it. We have welfare officers and, over the past couple of years, we have put in place a mediation service. In work-related stress or issues, we try to intervene as soon as possible. Sue is right: we have had a very welcome reduction in absence over the past 10 months. Given the COVID-19 situation, we need to deep-dive into that to see why that is. Obviously, people are not in work as much; they are not on public transport and are not getting colds and flu, but working from home is also helping. We want to learn lessons from that and keep it going.

Mr O'Toole: You have done some analysis already. That came out in conversations with some of your colleagues in the NIAO. Have there been specific linkages between stress in the Civil Service and people feeling that the institutions they work for are under attack, threatened or jeopardised generally, with the acute political stress that this place has seen in the last three to four years, via Brexit and the suspension of the institutions? Has that had a direct impact on people's stress and anxiety levels and, therefore, on absence?

Ms Minne: As I said, mental health issues constitute just over 30% of all illnesses. I can get the exact figure.

Mr O'Toole: I have the figures here. About one third of days lost are due to work-related stress.

Ms Minne: We have to manage that. That is why we have implemented a mediation service and an employee counselling service. We have looked to roll things out, and line managers are taking more responsibility. However, we do not gather evidence on whether it is related specifically to civil servants feeling under attack or worrying about their organisations. Obviously, we are working to financial constraints. We have talked about all these things. My organisation only started in April 2017, and we started with 16% fewer staff than there were previously. Within that, we have had a huge amount of work on EU exit and, more recently, COVID-19. We talk about continuing to deliver business as usual with fewer resources. However, business has not been "as usual"; it has been incredibly difficult.

Ms Gray: One of the things that will make a big difference, once it is under way, is for it to be the responsibility of line managers to manage. At the moment, a lot of this is handled elsewhere. However, if you are a line manager and somebody is not coming in or not performing as you want, if you are responsible for having that conversation, it allows you to have early engagement and understand what is going on.

Mr O'Toole: We talked earlier about the age profile of the Civil Service. This is not an ageist statement; I do not qualify as young any more, so I do not have to declare an interest. Is it a fair statement that corporate judgement is that the Northern Ireland Civil Service is too old? Its age profile is too old from a —

Mr Hilditch: Now, now. Careful. *[Laughter.]*

Mr O'Toole: Not that there is anything wrong with age, but can I —

Ms Gray: We definitely accept that we need younger people in the service alongside us.

Ms Minne: The question is whether the Civil Service represents the economically active population, and it does not. We are also under-represented in other areas.

Mr O'Toole: I want to ask a last question, and then I will let someone else in.

The Northern Ireland-specific fast-track scheme ended in 2014, but it is being reintroduced. Is there a concern that the Northern Ireland Civil Service is not yet an attractive enough destination for young, high-achieving graduates?

Ms Gray: We know, from our recent competitions, that there was a lot of interest from younger people, graduates and non-graduates; there was a very good mix. Part of the problem is that we have not been recruiting in the numbers and at a level that we are doing currently. That is all really good. However, we need to keep those younger people. Rolling out a wide-scale apprenticeship programme will be very important. We know from the apprenticeship schemes that very good, high-calibre people apply, come in and stay with us. That is what we want.

I do not accept that younger people and graduates will go elsewhere because they think that we are an unattractive employer. If we need to do work to make it more accessible to inward and outward secondments, not just from other Civil Services but the private and charitable sectors, all those things would be really good. It is mainly because we have not been recruiting on the scale and at the level at which we have started to recruit.

Mr O'Toole: I promise that this will be my final question. Do you accept the proposition — if not, tell me that it is unfair —.

Ms Gray: I will.

Mr O'Toole: I know that you will. *[Laughter.]*

Mr O'Toole: Frankly, it goes back to some of the issues about the profile of these institutions and some of the bashing that they have taken. Do you accept that if you are, for example, a graduate who is interested in public service or public administration from Queen's University, going into a fast-track scheme or a graduate job with the Northern Ireland Civil Service will, in relative terms, be less attractive than it would be for an equivalent graduate in London or Dublin?

Ms Gray: Well, London is quite interesting.

Mr O'Toole: Indeed. It does not have to be London; it could be A.N. Other city in these islands.

Ms Gray: We need to have a fast-track scheme that is firmly established as part of our normal way of recruitment so that we have an annual intake. If you look at the Civil Service that we came from, it is oversubscribed and is the number-one choice for graduates. That is where we want to be. Work has started to get people in.

It is also important that people are supported when they come to work for us. When people come to work, my job as a senior leader is to stand up, stand in front of people and take some of that criticism. That is for me. I would not expect young graduates to come in and feel that that is for them to take. We have to create the correct conditions. I believe that we are all committed to doing that.

Mr O'Toole: OK. Thank you.

Mr Boylan: You are very welcome. I concur with some of the remarks that have been made about the staff and the work that they are producing in these very challenging times.

Sue, I want to try to simplify it and ask about a workforce model. The Department has a function, and in delivering that function, it needs the headcount, the skill sets, and financial planning. I was slightly concerned when Jill was talking about recruitment and said that you may not have the money to pay people. Let us take it back to a workforce model before we get into some of the aspects of the report. Are you saying that, when you got your first-day brief — I liked your first-day brief —.

Ms Gray: You love my first-day brief. *[Laughter.]*

Mr Boylan: When you were reading through that brief, did you take an overall analysis of the Department to see what you needed and where the gaps were? That should echo across the whole of the Civil Service. I appreciate that you lost 15% of the staff through the VES. I also appreciate Mr O'Toole's questions about youth, but we lost experience and capacity, and you have to get that balance.

Ms Gray: You do.

Mr Boylan: Going back to the workforce model, I want your idea —.

Ms Gray: The Department of Finance is very different from other Departments — I would say that. We have a number of discrete areas, some of which could be anywhere. The Northern Ireland Statistics and Research Agency is an agency of the Department of Finance, but it could be somewhere else. All the professions that we have sometimes make it difficult for people in the Department of Finance to have the common thread that other Departments might have.

There was nothing in my first-day briefing about the workforce plan for the Department or anything like that. However, over the next few months, I took time to understand the work of the various areas and the skills that they required and some of their gaps. I have used that work to develop what I feel the Department needs. Jill will be able to talk about workforce planning as a whole, but that is how I went about understanding what I need in the Department.

The point that we were making earlier about making sure that we can afford the job that is being recruited for comes back to when I saw the responses to the workforce plan in the Department, in which individual units had put in their numbers and requirements. We would not have been able to afford that. Discussion then needs to take place about what that area needs and what we can afford, but, more importantly, what that area needs to deliver its priorities and to discuss its priorities and objectives.

Mr Boylan: I asked about it because you have to deliver the function, first and foremost.

Ms Gray: Yes.

Mr Boylan: The workforce plan is slightly different because, strategically, you may have to move in a different direction. I know that your Department is separate, but I am saying in general for this report because they are more specific about what they deliver. To me that is the way that is reading across, and I appreciate it.

Ms Gray: Yes.

Mr Boylan: Jill, I would like to go back to the time frames for recruiting people. Recruitment was frozen between 2014 and 2016. How do your recruitment time frames compare with other jurisdictions?

Ms Minne: The eight-week figure does compare; it is a benchmarkable figure comparable with other jurisdictions. You also have to bear in mind whether it is a large-scale recruitment. For our administrative officer competition we had 15,000 applicants; for the executive officer II work coaches we had 9,617; for staff officer we had 4,334; and for deputy principal we had 3,072. From the minute that launched until the day that the letters went out saying that you have been successful was eight weeks. We looked at what other organisations do and found that figure comparable.

That is not to say that there are not areas where we need to make improvement. We definitely do, and there are areas where we need to reduce the time frame, but I was just making the point that there are a number of variables in that in terms of —.

Mr Boylan: I appreciate that. However, we went from 12 Departments to nine; we took three workings of those Departments and split them between local authorities and mostly across the Departments. At some point, beside from the workforce plan, someone should have been looking at the model to deliver all of that. The report has exposed gaps, but surely we had time to look at it. I know that some of you have only arrived, but it should have been sitting in the first-day brief or questions should have been asked —

Ms Gray: Yes.

Ms Minne: Yes.

Mr Boylan: — as to the actual model to deliver for the Civil Service.

Ms Minne: As I said, NICS HR was established in 2017. Before that, there was no overall plan, but every Department has responsibility to manage its workforce within its budget and needs to make sure that it has its own skills. In January 2018 we started to look at, if you like, a whole workforce model and a plan. We developed a template and put that out to the Departments and asked them to make sure that they are articulating and setting out exactly what is their establishment or complement. What do they need in the Department to deliver?

That consistent template went out, but very quickly we got into the first round of EU exit planning and were then into November. We really had to prioritise posts for EU exit. We had to switch, if you like, although not completely. We had tried to get an overall workforce plan template done, but we had to

move swiftly to aligning resources to EU exit planning. Then, we, along with supply colleagues, were involved in an audit of deal/no-deal scenario planning — how many additional posts and different skills we would need — which fed into a bid for money. That was, if you like, a very quick but very important workforce plan. We had to move into that mode. There was a full analysis of what was needed at every level and every grade in the organisation. Every Department fed into that plan on the basis of what was affordable. In March 2019, we agreed that we would focus on recruitment, and, in May, we launched our external recruitment plans. More recently, we have worked with the Departments on what they need in the current COVID context and for EU exit planning. Every Department has given an analysis of what it needs and what it can afford. We have developed a six- to nine-month recruitment plan. Michele has led on that work and made it very clear where we will recruit, what posts we need and where the priorities are, and that will be put in place over the next six to nine months. We have had COVID and EU exit, and there has been an analysis of both.

Mr Boylan: I appreciate that, but the point of the report is that — we know that those things have come along this year and all of that — there was a chance to look at this in 2015.

I have two final points. I do not want to get into the age issue, but a certain percentage of your staff will be a certain age at a certain time and will therefore be moving out of the Civil Service over the next 10 years. What are your plans to address that? You talked about recruitment. When planning powers were transferred to the councils, there was concern about their skill sets and capacity to deliver. Also, will you talk a wee bit about the people strategy and the work that you have undertaken to try to deliver that?

The Chairperson (Mr Humphrey): I will just make the point that, in football, there is the old adage, "If you're good enough, you're old enough". *[Laughter.]* I am concerned that we are getting a wee bit ageist.

Mr O'Toole: The Civil Service *[Inaudible.]*

Mr Boylan: No, no, no. I am going by what is in the report. I did not mention age *[Laughter.]*

Ms Minne: I will cover the people strategy, and then Sue can come in.

As I said, when NICS HR was established, we started off with 16% fewer staff. Its establishment brought together all the departmental HR teams, the Centre for Applied Learning (CAL) team and corporate HR. We had to deliver business as usual to all the Departments and look at how we respond to modernising and transforming the HR service and many areas of policy.

The main things that we looked at in determining the people strategy were the OECD report, the emerging issues from the RHI inquiry and staff feedback. As the Audit Office said, many of the issues in our people strategy are also identified in its report.

We went about addressing a lot of shorter-term priorities, including the move of staff to Ballykelly. We implemented mandatory handover arrangements, an issue flagged up by the RHI inquiry. We developed and implemented a whole host of leadership development programmes. We implemented mentoring and coaching. We improved our vacancy management and sickness absence approaches, although, obviously, there is more to do in that regard. We fundamentally improved management information for Departments. We also developed Civil Service apprenticeship guidelines. We introduced a mediation service. We had quite a lot of litigation. You will be aware of the case relating to holiday pay. We managed that. There has also been a range of evidence-based diversity and inclusion interventions.

At the same time, we scoped and researched the two real game-changer projects. One is around employee relations and rolling that out so that line managers are much more involved. At the minute, my HR team takes many actions that, in many other organisations, are taken by line managers. That requires an awful lot of work with trade unions and a significant cultural change in how we do things.

In addition to that, we want, of course, to get back on track with the overall workforce plan and model, and the fundamental review of recruitment. To me, those are the issues that need to be taken forward. As the Audit Office recognises, they cannot be done through carrying on business as usual. Those big transformative issues need focus and resource. The context in which we have been operating for the past while means that we have made a lot of improvements through the people strategy, but we have a lot more to do.

Ms Gray: Succession planning is hugely important, and the NICS must get better at that. Through my direct reports, I will be very aware when somebody is retiring or planning to move, and I will have those discussions and think about our pipeline for their successors. That needs to happen throughout the organisation.

External recruitment sits alongside succession planning. We advertise the majority, I think, of our Senior Civil Service positions externally, but we get very few successful external candidates. We need to look at why that is. Is it the process or does it, perhaps, come back to the question of whether we are seen as an attractive enough employer? We are doing a lot more. We can use our networks and use outreach to explain what the NICS is doing. There are some really fantastic jobs in the NICS, so we need to do more to properly explain all that.

Succession planning is hugely important. There will always be times when people go and you have not planned for it, but that should not be where we are most of the time. We talked earlier about the work that we need to do on discussing our people and their skills: understanding their skills and capability; understanding what they would like to do and what their ambitions are; and then understanding our ambitions for them and where we can help them to develop. That is very much work in progress. We need to get a lot better at that, and it needs to be part and parcel of our everyday look at our workforce.

Mr Boylan: We will certainly learn from the COVID experience, and I recognise the work that is being done.

Mr McHugh: Tá fáilte romhaibh uilig an tráthnóna seo arís. You are very welcome this afternoon. Many of the issues have been covered, but I want to note, too, that there is no question at all about the workload that the Civil Service is coping with at present in its efforts to meet the needs of the people of this community. For that, we are all very grateful and have every respect.

I will go back to the issue of sick leave. As someone who has had three days on the sick in 30 years, I am probably like most people in this room, in that I have been sufficiently motivated to get up and go to work. Maybe it is all too easy to look for an easy answer to why sick leave is at the current level. Do you have any indication of what sick leave was like prior to the reorganisation of the Civil Service?

Ms Gray: I can honestly say that I have no idea. I do not know whether Michele might know about that.

Ms Minne: Michele might know. A few years ago, it was certainly higher. Last year, I think that the average number of sick days was 12.1; this year, it is 12.9. Michele will, hopefully, know the detail; maybe not.

Mr McHugh: I am thinking about the time prior to the reorganisation: the reduction from 12 to nine Departments.

Ms Woods: It is fair to say that it has *[Inaudible]* in the past five or six years and plateaued over the last three years. There has been no marked difference that you could link back to the restructuring from 12 to nine Departments or to VES. There is no marked increase or decrease in the level of sickness absence. Traditionally, we run with a fairly level incidence of long-term sickness absence. *[Inaudible.]* Somebody who has been off for a full month tends to come back the following month but, invariably, they are replaced by someone else who has been off for a full month. Our long-term sickness absence tends to run at around 3.5%.

There have not been any material decreases or increases. Nonetheless, as was referred to earlier, the public sector in general in Northern Ireland has higher numbers of days lost. During the COVID-19 pandemic, it is interesting to note that, in the period from April to October this year, compared with last year, the number of working days lost through sickness was down by 31%, which equates to 48,000 extra days on which people were at work.

Mr McHugh: I wondered whether the reduction from 12 to nine Departments, with fewer staff available and no increase in resources, had had an adverse impact on people's health. However, it is welcome news that the workforce is being dispersed to the outer regions of the state. As a person who lives in a rural community far from Belfast, I welcome that.

That leads me on to the other issue, which is the employment of agency staff. It may be the case that the hourly rate is higher for agency staff, thus giving you a big agency bill at the end of the year, but that is probably still cheaper than having offered the same people full-time posts. Do you have any indication of the number of agency staff who have applied for full-time posts in the Civil Service and, maybe, did not get them, or who are doing a job that could be made into a full-time post?

Ms Gray: Many of our agency staff applied for permanent positions in the recent competitions. A relatively significant number will have been successful in the AO competition. Many of our agency staff are doing their jobs really well, and they are people whom we want to attract permanently.

Of course, it is absolutely right that we are running external competitions and that people are competing for their current roles. Jill may have some of the figures. You are right that it is not so much the issue of cost. The cost is not greatly different whether you are employing people on a permanent basis or from an agency. What is important is that the people whom we employ should have a permanent contract where that is possible. We will always want some agency staff. However, overall, we want to be a good employer, and being a good employer means having permanent contracts for our people and giving them a career path. These are people who are doing really good work, and we want them to have a career path.

Mr McHugh: A career path and the likes of apprenticeship schemes and so on ensure that employees are happy at work and that they see opportunities that will encourage them to have far fewer sick days. The phrase "sick days", in itself, implies a type of malaise in the system.

Ms Gray: One of Jill's teams is doing that work, headed by a guy called Michael Kirk. As a line manager, if one of my team is off ill or whatever, it is my responsibility to keep in touch with them, phone them, make contact with them and understand what the issues are. If they are ill, I ask them how they are, say that I hope that they will be better soon and keep in regular touch. That is the same throughout the organisation. That is a really important piece of work that HR is doing. Currently, much of that is outsourced. A big piece of work is being done to bring that back into the responsibility of line managers. I think that that work will make a huge difference.

Ms Minne: It is also very important that we support line managers in that, that we provide a welfare service, an occupational health service, a counselling service and a mediation service, and that all of those things come together. There is no panacea for this. Many reasons contribute to it.

Mr McHugh: Jill, can you give an indication of the figures that Sue mentioned?

Ms Minne: As I said, I know the applicant rates and how many people we have in supply. I do not have the figures of how many of those were agency workers, but we can get those to you.

Ms Woods: We are working to place the top 500 agency workers in our total supply of 1,700. I can confirm that 16% of those who have reached the top 500 — 81 staff — are currently working as admin officers in the Civil Service.

Mr McHugh: Thank you.

Mr Beggs: I, too, recognise that the Civil Service, like every employer, is under stress. *[Interruption.]*

The Chairperson (Mr Humphrey): Sorry, excuse me. May I ask those —?

Ms Woods: *[Inaudible]* that it is normal to have some sort of temporary resource at play. It is important to recognise that, of the 2,300 recruitment agency workers that we have at the minute, over 1,000 are working on DWP benefit processing. About 26% are filling permanent posts, with the remainder in temporary fixed-term-type arrangements where we do not have guaranteed baseline funding, which is in the likes of our social security benefit caseload, where we deal with peaks and troughs. Overall, 73% of recruitment agency workers are in the *[Inaudible]* Department for Communities and are not dealing with peaks and troughs in workload.

The Chairperson (Mr Humphrey): Before I bring Mr Beggs back in, I want to ask about DWP. Many of the staff who are employed on the DWP contract are temporary. Are those contracts year to year? Why are so many of them agency or temporary staff?

Ms Gray: It is the nature of the employment. They are performing a task for DWP. We do not necessarily know, year to year, how many of them we will need. If the NICS were to take on all of those people and make them permanent — I am checking with Jill that this is right — we would be taking on that responsibility —

The Chairperson (Mr Humphrey): Liability; yes.

Ms Gray: — and that demand. If, in a year's or two years' time, DWP decides that it wants to commission that service elsewhere or deal with it differently, we may have more people than we need. However, it is working very well with DWP. We will look at it, but that is how it works. Of course, it is funded differently as well.

The Chairperson (Mr Humphrey): OK. Thanks.

Mr Beggs: You say that it is working very well but, if you have to turn over staff every two years, even though you still need those skills and that number of staff, that is not the optimum situation. What security do you have? Do you know a year in advance that you will need 300 or 400 people? Can you give fixed-term contracts to give increased security to those who are working for you and, perhaps, limit the turnover?

Ms Gray: I do not know an awful lot about the DFC contracts.

Ms Minne: I know that, where DFC has a timeline, it will employ people on a fixed-term contract. It is a mix of permanent staff, fixed-term contract staff and agency staff. DFC has a service-level agreement with DWP for that work. That is my understanding of how it works.

Mr Beggs: OK. For the record, I recognise that the Civil Service, like every other employer, is working in incredibly difficult times, with COVID and the unpredictability of EU exit. On top of that, you have had an absence of political direction. I recognise that that may have contributed.

Ms Gray: Thank you.

Mr Beggs: However *[Laughter]* if you are continually increasing overtime rates and increasing the stress on staff and there is a high level of vacancies, surely there should be a recognition that you need to recruit people. Did no one spot that?

Ms Minne: We did spot that, which is why we got to where we are. In the first instance, we internally realigned many people to posts relating to EU exit and tried to backfill. We tried to do that as quickly as we possibly could. We worked very closely with the trade unions on agreeing flexible arrangements and trying to loan staff from Department to Department. After a period of, effectively, much moving of the deckchairs, we realised that we absolutely had to go out and recruit externally. That is the programme. We have recruited at SO and DP level, as I said, and that is the first time that we have recruited externally for those posts. We have always had internal promotion boards. I have to say that that was not particularly welcomed in some quarters, but we felt that it was necessary given the context that we were operating in. As I said, we have more planned. We have completed the AO competition. We have 350 work coaches starting in the new year, with more planned. We now need to move to EO1 and EO2, and we need to speak to the trade unions about how we do that. We fill Civil Service posts largely through individual competitions. We fill professional and technical posts through individual competition. It is in the large-scale areas where we have really had to up our game, and that process is well under way. As I said, by the end of the financial year, we should have 2,000 people in post.

Mr Beggs: You have the HR Connect system to manage large-scale areas. The contract with HR Connect is over 15 years old and due for replacement, but I take it that there will be an extension because the replacement process is not under way. You say that you are satisfied with HR Connect. However, when I look at figure 11 in the Audit Office report, I see that eight of the nine Departments indicate that they either "Disagree" or "Strongly Disagree" that:

"Time taken to recruit and place successful external candidates into post is satisfactory".

There is great dissatisfaction with the system. Equally, eight out of the nine Departments "Disagree or "Strongly disagree" that:

"Time taken to recruit and place successful internal candidates into post is satisfactory".

One Department did not know. No one agrees. Do you recognise that the Departments are not satisfied with the process?

Ms Minne: Yes, I recognise that. Obviously, that is the anecdotal feedback. HR Connect is managed by Enterprise Shared Services (ESS). It is a contracted-out service. I do know, however —

Mr Beggs: Who is responsible for ESS?

Ms Gray: I am responsible for ESS. I will say, first, that we set out what we want HR Connect to do. It is providing a service at our request. We put in place arrangements that we ask HR Connect to deliver on. It is not clear to me from the table that you are reading out whether people are unhappy with the HR Connect service itself or the time that it is taking to get somebody into a job, which you cannot put entirely at the feet of HR Connect.

Ms Minne: Absolutely. That is what I was going to say. It is a contracted-out service. That contract is closely monitored. I know that it has around 60 performance indicators. Objectively, those performance indicators are very tightly measured by ESS and the contract management team, and they are regularly met or exceeded. It has performance indicators around how long it takes to get a panel, get letters out and all that kind of thing. I think that the feedback was really around the whole end-to-end process from the day and hour that somebody in a Department wants to fill a post until the person walks through the door. That is where you have a number of variables that come in.

Mr Beggs: Are you saying that they are criticising your process as well as HR Connect?

Ms Minne: It is the whole end-to-end process, which is delivered by a number of people. Departments have a role to play in it as well. It is the whole system.

Mr Beggs: Who is responsible for the system?

Ms Gray: Ultimately, me, I suppose, with HR Connect. As Jill said earlier, when you look at the time taken to get somebody into a job, you see security checking, reference checking and a whole load of things. To be fair to HR Connect, it is delivering a service that was set a number of years ago. The work that we are doing on the replacement of HR Connect is part of the transformation that we want to see across the service.

Mr Beggs: I see in the report that it took approximately 10 months to appoint or recruit an assistant statistician. In less than 10 months, a new vaccine has been developed from scratch by lots of parallel processes and by looking very carefully at all the connections and how the time could be reduced. Do you accept that having such an extended period could result in people not even turning up for interview because they have got a new job? The best candidates could go elsewhere, resulting in a less efficient service than you want.

Ms Gray: Yes. That is not the norm. That is a really exceptional case. I assume that that is the case that Jill was talking about earlier. I completely accept that 10 months — people who we are trying to attract externally, in an area of high demand, with the skills that we were looking to recruit, will have decided to go elsewhere or will not be interested in our job. That is very exceptional, but it is not something that any of us would accept.

Mr Beggs: Did your performance indicators flash this one up?

Ms Minne: The performance indicators that I referred to are for the HR Connect process. I do not think that this is the norm. It was totally unacceptable in many ways. However, my understanding is that the time frame for that was that the business area indicated in March that it wanted to fill the post. There was testing in April. Then, at the request of the Department, we ran interviews over two months, which we do not normally do, because it wanted to catch various graduates and other people. We were ready to go in August, and there was a hold-up on paperwork from the Department around checks and balances on funding and headcount. I am not saying necessarily that it could not afford it; I am just saying that we did not get the paperwork. I honestly do not think that that is the norm, but it is certainly not acceptable.

Ms Gray: If the area of work wants to attract graduates, which is quite right, it should be thinking before it launches a competition about when is the best time to advertise and recruit so that it captures those people. It sounds as though there is a whole range of issues there that make that very exceptional.

Ms Minne: We want to get to everything being much slicker and with a better time frame. As I said, the large-scale competitions that we have planned recently have taken eight weeks.

Mr Beggs: Earlier, you said that delays were not all to do with HR Connect but were to do with your internal processes. Can you explain some of the internal processes that cause undue delays?

Ms Minne: As I said, it is the whole end-to-end piece. With a new post, for example, you need to consult the trade unions. That takes time. A new post has to be job-evaluated, and that is another step, if you like. You need to agree the method to fill. You need to look at the job description. You have to put together an information booklet. You have to agree a panel, and the panel has to agree its dates. There are three people on a panel, and the panel has to be balanced. You then have to agree on whether you want any testing or anything like that. There are a whole host of things, and, when you get to recruiting the individual, there may be issues with security clearance and the individual may have a notice period to serve. So the whole thing can be quite protracted, depending on —.

Mr Beggs: Can you see methods of improving on it?

Ms Minne: I think that there definitely are. There is definitely room for improvement, and we have done some work on —.

Mr Beggs: What would you do to improve it?

Ms Minne: There is probably some duplication between us and HR Connect. That could be looked at and improved. I also think that we may be able to reduce some time frames around, for example, job evaluation. We have changed that. We have done a much lighter touch. I also think that it goes back to the earlier points about workforce planning. We need to get on track with our workforce plans, and then we have associated recruitment plans. If we get into a supply position, that will help us dramatically.

Mr Beggs: Another aspect of recruitment is getting the right skills. Figure 13 of the report shows results from a survey on the current process of recruiting and promoting to grades in Civil Service competitions. Departments were asked whether it works well, and the majority said that it does not. They disagreed with that statement. Probably the most interesting question was:

"Skills gaps would be better addressed if NICS competitions targeted candidates with specific experience and skills".

Seven Departments agree, one disagrees and one does not know. That is a very strong pointer that there is a lack of emphasis on skills and experiences. Very interestingly, out of the renewable heat incentive (RHI) report, there have been some relevant comments about that. I draw you to paragraphs 4.7 and 4.25 of the Audit Office report. There is a recommendation there from the RHI report:

"must involve an up-front assessment of the skills that are required to fulfil the specific role in question, rather than matching a person to a role according to the individual's grade and the level of pay."

Paragraph 4.25 makes a particular reference to the need to establish a project management profession. There have been a number of areas where we have been investigating Audit Office reports where the absence of specific skills in project management was quite apparent and there was turnover of staff. How does HR Connect log someone's skills and experience in project management? Does it do that satisfactorily at present?

Ms Minne: No, and that is not HR Connect's fault, if you like. It is that we have not got a skills database, if you like. There is a facility on the HR Connect system where people can put in their own skills, but it is up to the individual to do that. I am sure that Anne can talk about skills, the whole project management issue and how we recruit, but commercial skills and contract management were certainly flagged up in terms of RHI. Work has been undertaken to develop those skills. We do not have a full

skills audit and plan across the whole of the Civil Service, but that is not to say that we have not done work on skills. In fact, we have focused very much on the RHI issues. In commercial skills and contract management, development programmes have been done and accredited. We have looked at the economists' role as well. A lot of work has been done around those skills, and, if you are content, Anne can pick up on that in a minute.

We have also looked at the first point that you made about RHI in terms of recruitment and having those skills up front. Largely, Senior Civil Service (SCS) posts and professional and technical posts are advertised as a single job role and a single competition. That means that you look at those skills and competencies up front.

Mr Beggs: Is that new?

Ms Minne: There has been a general move towards single competitions for Senior Civil Service posts. The issue largely goes back to the fact that, over the years, we have had a system that has general service. I think what that recommendation refers to our having 65% of the organisation in the general service grade. We have then had internal promotion boards which recruit to that grade. There has been a move away from that. We need to build on that by developing more job roles, in the same way that the GB Civil Service has. As I said, we have recruited more from single competitions and more externally, and we have looked at job roles. A lot of this work requires consultation with the trade unions. Not everybody is content to move to job roles. There is a balance between having a job role and people being able to move about and having flexibility within the service.

Ms Gray: We definitely want to get to a place — we talked about it earlier — where, when we advertise individual job roles, you can then be very —. It is absolutely right that people know the job that they are applying for and what the skills are that we are looking for, and that they get the chance to apply for that. We advertise most of our jobs at that level externally, but we do not get people coming in from outside to take up those roles. We get a few; they tend to be in the professional areas. We have more to do in that area, but we are taking steps in the right direction. We want to have an energy around the place when we do our recruitment competitions so that the recruiting line manager takes responsibility for how they are recruiting, but also puts in ideas about how we could broaden our field of applicants. We are on that path, but we have a lot more to do. We have talked previously here about the work that we are doing around contract management and development. We are getting our people through the commercial skills assessment centres that Whitehall is running for us. An awful lot of work is going on, but I think that we would all agree that we have a lot more to do. We are on that journey.

Mr Beggs: Finally, then, the Department that saw the highest increase in vacant posts was DAERA; it was up to about 13%. This did not dawn on me until you mentioned Ballykelly earlier: is that related to the move to Ballykelly? Why is it at such a high level?

Ms Minne: My understanding is that that is largely because of its additional needs because of EU exit.

Ms Gray: Absolutely.

Mr Beggs: In terms of working from home or remotely, is one of the lessons that has been learned that people do not necessarily have to be in their office every day? Do you see that being something that will continue, provided that they still deliver the goods?

Ms Gray: Absolutely. Somebody may be sitting at a desk in an office, but that does not mean that they are doing any work or doing the right work. We need to trust our people. We need, of course, to keep in touch with them, have that constant dialogue and know that people are working, but you do not necessarily need to see somebody. Interestingly, I was phoned yesterday by a guy who is based in Northern Ireland, has spent his career here, but works for the GB Civil Service and is currently working in the Department of Health and Social Care on its testing and tracing. He is quite a senior person. He has previously been in the Home Office, and somewhere else. He works here and needs to be in London only very rarely. That is definitely the way that we want to work. We need the IT to support that. We have good IT and are now looking to see how we can improve upon that, but that is going to be our working way of the future. As I said, we need to see a bit more presence in the office, but nothing like we would have seen before. Ballykelly is a very good example of a fantastic building, and people are working there, but we are now opening up that building to other Departments to use as a connectivity hub.

Mr Beggs: Just a final question. I understand that the 13% vacancies occurred in 2019. That was when Brexit was meant to happen, so at the point that Brexit was meant to happen, we did not have the people in post. What happened? Why were the people not in post when Brexit was about to happen?

Ms Minne: My understanding, although I may need to follow this up after having spoken to DAERA, was that we did a lot of internal moves first, and then we had to do an analysis of affordability for additional posts. That was when there was a financial bid, if you like, done, and then that was on top. Resources were aligned with priority areas, for the planning in particular, and there was an understanding of what was needed.

Mr Beggs: Are you saying that, at the key point when we needed people in post when Brexit was meant to happen, we were not prepared because of inadequate planning? Would that be a reasonable deduction?

Ms Gray: No. What we were doing as Departments was moving our people around to fill those critical posts, because they are and were critical. Everywhere else is doing the same thing. You cannot just get people in. You need the right skills and you need the people who are competent to do the job, so we were moving people around. Brexit posts were a priority — one of the priority posts. We then needed other people to come in to backfill, and some of them may have been agency. Whatever the issues, we of course then needed other people. However, DAERA, in my understanding, will have had the people it needed to deliver the work that it was doing.

Mr Beggs: However, you left lots of other vacancies that were not being addressed.

Ms Gray: You cannot just bring in loads of people overnight.

Mr Beggs: But you would have known when Brexit was going to happen.

Ms Gray: I am not sure that that is necessary.

The Chairperson (Mr Humphrey): OK.

Mr Harvey: Thank you, Ms Minne and Ms Gray. I am going to go over something that has already been mentioned but that I feel is important. One percent of staff is 16- to 24-year-olds. That is not very many school leavers or college graduates. Why? Are the jobs not attractive enough? Why are they not wanting to work for you? That leads to problems later on. Would it not be better training up young ones when they are 16 and 17, and then they would have experience?

Ms Gray: I would not disagree with any of that. We want that age group in the service. We want to be representative of life, so we want those people in the service. We were not recruiting for some time, and that has had huge implications for our workforce. We need young people, and they are definitely one of the areas that we are really focusing a lot of attention on, to get younger people into the service. I think that people do want to come and work for us. It is just that we have not necessarily been advertising jobs.

Mr Harvey: One percent is not going to be hard to improve on.

Ms Gray: No, no.

Ms Minne: Also, the turnover rate in the Northern Ireland Civil Service is much lower than it would be in the GB Civil Service, for example. In addition to not having recruited externally, it is also the case that there are not a lot of people moving on. Obviously, there were changes to the retirement age and the pension. All that has contributed but, as Sue said, we are doing an awful lot of work to try to attract young people through apprenticeships, external recruitment and advertising on social media. Had COVID not happened, we had plans to go to career fairs, schools, disability organisations and a whole host of things. We had an outreach and marketing plan in place, but that had to be curtailed.

Ms Gray: We do need to have more churn in the Civil Service. We need more people coming in. From my perspective, as a former employee of the GB Civil Service, its churn is too high and it is losing people regularly. Just at the point when they are developed and ready to go, they are off. People

move around an awful lot; Matthew might be able to confirm that. They move around so much. What we need here is a balance. We need to be somewhere in the middle. We need more intake than we currently have, more churn, but we would be a bit nervous about going to the —. It is quite a big issue. They lose a lot of their skills through people moving.

Mr Harvey: I am glad you see it as a need, and you are obviously addressing it very well. It will be interesting to see the figure rise.

Ms Gray: I hope that when we come back, we will have progress to report on.

Ms Minne: The average age in Northern Ireland Civil Service has been reduced, but the situation will not improve overnight.

Ms Woods: *[Inaudible.]* At the minute, across the service, just under 1,000 are required at that grade. Since the Audit Office reported, there are 100 more civil servants under the age of 24 so, whilst it will take a long time, there is evidence. Hopefully, when we complete the recruitment across the staff officer/DP and admin officer grades, we can have a look and see what impact that has had around the turn of this financial year. Certainly, you can see that move. I think the Audit Office reported 74 below the age of 24, and we have 171 as of now. It is a slow process, for all the reasons that Jill has outlined, but you can see the impact of one external competition. We are only really at the start of filling the posts at that grade.

Mr Harvey: If we can get them at 16 and keep them until 70-plus, we will have plenty of experience.

The Chairperson (Mr Humphrey): In relation to paragraph 3.46, how do you intend to deal with the gaming and manipulation of promotion lists mentioned there? It says:

"manipulation or 'gaming' of appointment lists".

How are you going to address that?

Ms Minne: In HR, we go strictly by the merit principle; we only appoint people in order of merit. If it is a general internal promotion board or recruitment competition, we can only go on what the Department asks us. If they say they need x people at this grade, or one person at this grade, it goes as that comes in to us. We promote strictly on merit; we do not move out of a merit list.

The Chairperson (Mr Humphrey): In that paragraph, it talks about line management. I will go back to the point that I made earlier. For me, as someone who worked in the private sector, it is a recurring point. Everyone is saying how good it is for people to work from home. However, it will be good, and you will get the results and performance that you are talking about, only if it is properly managed. I used to work in the private sector. Of course, the people who were out on the road selling things had to be driven. They had targets to meet. They had figures to present at the end of the month. If they fell short, obviously, their managers would ask questions. They had to present a case. We have heard talk about trust, contact and dialogue with managers in some of what you have said in your answers. However, one thing that we need to bear in mind, and we must instil in managers in the Civil Service, is that, as line managers, they have a huge responsibility to manage. I would simply say that as a note of caution. Given the report that we are looking at, I have huge concerns that that has not been happening. Therefore, the game has to be upped if we are to ensure that remote working actually delivers for me as a taxpayer.

Ms Gray: I certainly would not disagree. I do think that we must trust our staff. If you are in a good working relationship, it is hugely important that you have trust. There are lots of jobs in the Civil Service where you have to show what you have delivered day in, day out. As we move forward with our current working arrangements, it will be important that we are sure that everybody is delivering and that managers are speaking to their teams. So far, what we are seeing is that, in the areas where we can record productivity, it has improved.

The Chairperson (Mr Humphrey): In previous sessions when you have been in front of the Committee, Sue, we have addressed some of the issues that we have been dealing with, such as LandWeb, with regard to contracts. Other big, high-profile inquiries were mentioned earlier in this session. With regard to experience, expertise, skills set, and so on, I have sympathy for civil servants who, at times, may not have the experience and are put into a position and, potentially, exposed

because they do not have that experience or expertise. That leads to situations that unfold, inquiries or whatever. Are we working to ensure that the expertise and experience is there before people are put into those positions?

Ms Gray: You always need to look at individual roles, the level that someone is at when they go into a role and what they need. We also have to understand that we always have a responsibility to help to develop people so that, when they go into a role, they have the expertise that they need, but we also can also develop them. There are other roles where you need the best expert that you can have in that job from day one. That is a huge part of line management and people's development, as well as making sure that you get the right people with the right skills and experience to do those jobs. That is very much part of where we want to go. With a move towards more individual job roles being advertised, you can then be clear about the skills and expertise that you are looking for, and what you are trying to get to go into a particular role.

The Chairperson (Mr Humphrey): At previous sessions, we discussed the issue of that skills set being there for those folk, because it is fundamentally unfair for someone who may have moved, for example, from working in finance to looking at something entirely different and being thrown in at the deep end.

Ms Gray: It is awful. It is not something that we would want for any civil servant. That is a huge responsibility on me as a leader in the Department of Finance. I would not want any of my teams to feel that I was putting them into an exposed position without having the proper skills.

The Chairperson (Mr Humphrey): With regard to your being head of the Northern Ireland Civil Service HR, you are in charge of HR for the entirety of the service but are housed in the Department of Finance. Is that how it works?

Ms Minne: Yes.

The Chairperson (Mr Humphrey): OK. You have 320 staff.

Ms Minne: Nearly 350.

The Chairperson (Mr Humphrey): On top of your 350, is HR Connect the skill sets that you buy in?

Ms Minne: It is a contracted service, so that is managed within, as I have said, Enterprise Shared Services.

Ms Gray: It is delivering some of the HR processes —.

Ms Minne: The operational and transactional HR services.

The Chairperson (Mr Humphrey): Is that because the expertise is not with that 350 core of people, or why is that? Why is HR Connect required when you have 350 people?

Ms Minne: My understanding is that that decision was taken in 2006 as part of the whole electronic HR-type approach, and it was rolled out between 2006, or 2007, and 2010. When HR Connect was brought in, my understanding is that there was a saving of around 7% at that point. It is not expertise as such, although I am not saying that they are not experts, by any stretch. It is about the administration and the operational —.

The Chairperson (Mr Humphrey): When there was a saving of 7% at that time, how many people were employed in HR? Were there 350 people employed in the Civil Service in HR when there was a saving of 7%?

Ms Minne: NICS HR is 16% smaller than when there departmental HRs, the centre for applied learning and corporate HR, which were all separate. It all came under one post.

The Chairperson (Mr Humphrey): Yes.

Ms Minne: We have around 100 fewer staff, which is 16% less. Over the business case period — there was the five-year business case appraisal period — my understanding is that that was £33 million in savings.

The Chairperson (Mr Humphrey): So, £33 million over five years?

Ms Minne: Yes.

The Chairperson (Mr Humphrey): Right, so how much are we paying for, and how long is the contract for, HR Connect?

Ms Gray: HR Connect's contract was made in 2006, and it expires in March 2021, so it is a 15-year contract. The contract's value was around £185 million for that period, and the current spend is around £206 million. The other thing to say —

The Chairperson (Mr Humphrey): So it has overspent by —

Ms Gray: The other thing to say, and which Jill was explaining, is that HR Connect provides services for more than just the NICS; it is providing services for a lot of the arm's-length bodies (ALBs) —

Ms Minne: It is also for payroll.

Ms Gray: — so it is doing more than just the NICS HR transactional services.

The Chairperson (Mr Humphrey): The 15-year contract is £206 million instead of £185 million; is that what you said?

Ms Gray: Yes, £206 million.

The Chairperson (Mr Humphrey): I make the point again. With regard to the £206 million over the 15-year period, is it not possible for that skill set to be in the Civil Service among the 350 staff — or if the 350 needs to be expanded — as opposed to spending £185 million that is now going to climb to £206 million? What provides the best value for money for the Northern Ireland taxpayer?

Ms Gray: We will always want some of our services provided. These transactional and payroll services really do a very good job with regard to payroll, so I cannot imagine bringing that back in. They also do it for other bodies, like other ALBs, so it is not just for us.

The Chairperson (Mr Humphrey): With respect, when you say that you cannot imagine bringing that back in, do you mean only if those services can do it more cost-effectively than you could if you were doing it in-house?

Ms Gray: Yes.

The Chairperson (Mr Humphrey): When the contract is coming up for review next year, are you going to look at the option of that being done in-house as opposed to buying in their services?

Ms Gray: As part of the work that we will be doing — it is quite a broad range of work — we will look at the NICS HR function to see whether we have got that quite right. We have moved to a centralised service from Departments having their own HR departments. Have we gone too far on that? This is just a discussion that we have, it is not something that I necessarily have a view on, but we need to have a discussion about whether we need to have an HR presence in Departments. Part of that discussion will be around the services that we get from HR Connect. Should they all be outsourced, or should some be in-house? Do we need them all? A variety of discussions are under way, which we need to progress to know exactly what we want to procure.

The Chairperson (Mr Humphrey): Finally, have the Civil Service Commissioners played a role in helping the Civil Service transform recruitment and selection procedures?

Ms Minne: We work closely with the commissioners. For example, they will chair Senior Civil Service recruitment panels and they will sign off at various points. A Civil Service recruitment process cannot go ahead unless the commissioners sign it off. They have codes around secondment and things like that that we have to comply with and we work with them on that. On transformation and looking at recruitment processes, permanent secretaries and I have met with them on numerous occasions and outlined where we would like to go. From day one, we have spoken to them about our people strategy and our whole range of work, and they are very interested in that. Other than that I —.

Ms Gray: We have a very clear agreement with them as to what their role is. They have a recruitment code —.

Ms Minne: They have a code that we comply with.

Mr Hilditch: Can you clarify whether all on the payroll are paid by HR Connect, or is there an internal payroll?

Ms Minne: It is not internal; it is all paid by HR Connect. However, I think that the Prison Service has a separate contract that is not in-house.

Mr Hilditch: OK. Just to get this clear in my head, I had asked earlier about the agency framework exceeding £48 million. I was told that the work that goes on in Communities relating to benefits and various things was everybody's personal choice as to whether they agree that the work is good or not, because we are involved the PIP and universal credit on a daily basis, and we do have our frustrations. Setting that aside, it transpires that, in answer to a question from Mr Beggs, the DWP had a service level agreement. What is that agreement? Does that include paying for some of the agency work?

Ms Minne: My understanding is that, and I can confirm it with DFC, they have a service level agreement, and there is a cost recovery in that agreement. The Northern Ireland Civil Service is not paying for those agencies.

Mr Hilditch: It contradicts the earlier answer that the Department for Communities is why we are over £48 million, if the work is being done and the money is being clawed back from DWP.

Ms Minne: It accounts for the number of staff that HR deals with, as opposed to the spend, if you like, in terms of what the ask is from Departments. DFC will still come to us to ask us to get the numbers of people from the agency contracts.

Ms Gray: The framework is being used to recruit agency staff. The spend on agency staff goes through the framework contract.

Mr Hilditch: Do you get it back when DWP pays Communities for its work?

Ms Minne: That is my understanding, but we can confirm that.

Ms Woods: The subtle difference is between what the total spend was on *[Inaudible]* mini-competitions, if you like, against the agency workers framework contract in gross spend, versus what the actual cost was to the Northern Ireland taxpayer. The difference there is the cost-recovery aspect of the DWP-related agency workers. In other words, the DFC service level agreements with DWP operate on a cost-recovery basis.

Mr Hilditch: That sounds about right, I suppose. It is just that a layperson —.

Ms Gray: Would you like us to do a short note on it?

Ms Minne: I am happy to do that.

Ms Gray: I am really happy to do so, if you would like that.

Mr Hilditch: That is fine.

Ms Gray: No?

Ms Minne: I think that what Michelle is saying is that there is a difference in usage and then cost to the taxpayer, but we are happy to confirm the detail of that.

The Chairperson (Mr Humphrey): OK. Thank you. Mr Muir wants to ask another quick question.

Mr Muir: When did you say that the contract for HR Connect is due to expire?

Ms Gray: March 2021.

Mr Muir: OK. Is there not a risk that that will have to be extended in light of the —?

Ms Gray: Yes, unfortunately. Back in, I think, 2016, work started on a public sector shared services project that looked at not just HR Connect and how we do our shared services but the areas of Health and Education. That work was chaired by the head of the Civil Service. About two years later, around the end of 2018, we felt that that was going to be a project too far and that we needed to get our own house in order first before we started collaborating with Health and Education. So, around the end of 2018, we moved to the central government transformation programme, but, of course, by that time, we had lost a couple of years. That work is under way. We are talking to the provider about the possibility of an extension. As we do so, we are looking to make further service delivery changes. We are using our commercial director, whom I have talked about here before. We are also using the Crown Commercial Service supplier rep from the Cabinet Office to help us in those negotiations. Remember that, for 15 years, we paid all the system costs and everything, but, going forward, we will pay the service costs, and we will be looking for open-book accounting.

The Chairperson (Mr Humphrey): Where is HR Connect based? Is it local?

Ms Gray: That is a very good question. I do not know.

Ms Minne: The HR Connect system is run by Fujitsu, which sub-contracts the provision of services to Capita.

The Chairperson (Mr Humphrey): So are those people based on the mainland or in Northern Ireland?

Ms Minne: I think that they are local.

Ms Gray: When you do a competition and draw up your candidate information booklet, somebody from HR Connect comes along to help you with that process. When you do interviews, HR Connect helps you with all of that on the day as well. It may be a bit of both, possibly; I do not know.

Ms Minne: It is local, but you may occasionally go to head office for something.

Mr Muir: I am concerned because the issue of contract extensions has been raised previously. It is important for me to note that it has been discussed previously and it is still occurring.

Ms Gray: Absolutely. We will probably need one for a contract of that size and complexity. The contract was let in 2006, and life has moved on a great deal since then. We need to make sure that, when we procure our next contract, we get the best and articulate to the market the service that we want to get. That is where we are. Had we started the central government transformation programme in 2016, we would be in a very good place now, and the issues with the contract management system for the agency workers contract and this contract would have been flagged much earlier. We also would have got the spend and known the dates.

Mr Beggs: You indicated that you are bringing in experts to help to negotiate the extension. Do you have an alternative? If not, what option do you have? How can you negotiate?

Ms Gray: We can look to buy a shared service model. Other people have them, and we can look at all that. One of the things we are looking at and talking to the contractor about is a possible extension.

The Chairperson (Mr Humphrey): I imagine that it would be a short-term extension, to allow you to do that piece of work.

Ms Gray: We have talked a lot today about the line-manager relationship and how we want to be involved in certain things that, previously, would have been outsourced. That all needs to be factored into the service that we buy.

The Chairperson (Mr Humphrey): It would be consistent with the idea of upskilling the Civil Service and improving capacity and capability in it.

No other members have indicated —.

Mr Boylan: I have just a wee point about upskilling. I am keen to ask this question about governance to drive change and leadership. Are there governance structures in place to do that?

Ms Gray: We have an NICS board, which meets monthly, and comprises all the permanent secretaries, along with Jill and a couple of other members. This is part of the role of the NICS board; it is about all Departments. There is an agreed programme of work, and we are all driving that change programme. We now have an interim head of the Civil Service who will be key to all of this. I think Ministers are key as well, with regard to the culture they want in their Departments,

The Chairperson (Mr Humphrey): Members, I take it that everyone has finished, and there are no final issues. At this stage, I ask Mr Donnelly and Mr Stevenson whether there are any issues on which they want clarification before our guests leave.

Mr Kieran Donnelly (Northern Ireland Audit Office): I have nothing at this point, Chair.

The Chairperson (Mr Humphrey): Mr Stevenson?

Ms Gray: I think he has gone.

The Chairperson (Mr Humphrey): Yes. I thank Ms Gray, Ms Minne, Ms Woods and Ms Breen, for their patience, forbearance and time with us this afternoon. It is very much appreciated. Thank you very much.

Ms Gray: We would love to come back.

The Chairperson (Mr Humphrey): I am sure. *[Laughter.]* Is that before or after Christmas?

Ms Gray: I was going to say that we would love to come back and give you an update on how we are doing.

The Chairperson (Mr Humphrey): Thank you very much, and if I do not see you before it, happy Christmas.

Ms Gray: And the same to all of you as well.