



Northern Ireland Audit Office

# Capacity and Capability in the Northern Ireland Civil Service



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
18 November 2020





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Comptroller and Auditor General

Northern Ireland Audit Office  
18 November 2020

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# Abbreviations

<b>AO</b>	Administrative Officer
<b>BCS</b>	Business Consultancy Service
<b>CAL</b>	Centre for Applied Learning
<b>CGTP</b>	Central Government Transformation Programme
<b>Covid-19</b>	Coronavirus
<b>CPD</b>	Construction and Procurement Delivery
<b>CS</b>	Civil Service
<b>DAERA</b>	Department of Agriculture, Environment and Rural Affairs
<b>DCAL</b>	Department of Culture, Arts and Leisure
<b>DE</b>	Department of Education
<b>DEL</b>	Department for Employment and Learning
<b>DETI</b>	Department of Enterprise, Trade and Investment
<b>DfC</b>	Department for Communities
<b>DfE</b>	Department for the Economy
<b>DfI</b>	Department for Infrastructure
<b>DFP</b>	Department of Finance and Personnel
<b>DoE</b>	Department of the Environment
<b>DoF</b>	Department of Finance
<b>DoH</b>	Department of Health
<b>DoJ</b>	Department of Justice
<b>DP</b>	Deputy Principal
<b>DRD</b>	Department for Regional Development
<b>DWP</b>	Department for Work and Pensions
<b>ESS</b>	Enterprise Shared Services
<b>EU</b>	European Union
<b>FDA</b>	Trade union for senior and middle management civil servants and public sector professionals formerly known as The Association of First Division Civil Servants
<b>FSNI</b>	Forensic Science Northern Ireland
<b>FTE</b>	Full Time Equivalent
<b>GB</b>	Great Britain
<b>HoCS</b>	Head of the Civil Service
<b>HoP</b>	Head of Profession

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# Abbreviations

<b>HR</b>	Human Resources
<b>ICT</b>	Information and Communication Technology
<b>NAO</b>	National Audit Office
<b>NIAO</b>	Northern Ireland Audit Office
<b>NICS</b>	Northern Ireland Civil Service
<b>NICSHR</b>	NICS Human Resources function
<b>NICTS</b>	Northern Ireland Courts and Tribunal Service
<b>NIPS</b>	Northern Ireland Prison Service
<b>NIPSA</b>	Northern Ireland Public Service Alliance
<b>NISRA</b>	Northern Ireland Statistics and Research Agency
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OHS</b>	Occupational Health Service
<b>PfG</b>	Programme for Government
<b>PPE</b>	Post Project Evaluation
<b>PPS</b>	Public Prosecution Service
<b>PRONI</b>	Public Record Office of Northern Ireland
<b>PSSSP</b>	Public Sector Shared Services Programme
<b>RHI</b>	Renewable Heat Incentive
<b>SCS</b>	Senior Civil Service
<b>SIB</b>	Strategic Investment Board
<b>SO</b>	Staff Officer
<b>SRO</b>	Senior Responsible Owner
<b>TEO</b>	The Executive Office
<b>UK</b>	United Kingdom
<b>VES</b>	Voluntary Exit Scheme
<b>WHO</b>	World Health Organisation

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## Key Facts

Over 22,000	Staff working in the nine Northern Ireland Civil Service (NICS) departments and their executive agencies at April 2019
3,900	Reduction in staff in the NICS workforce during the four year period to April 2019
Almost £920 million	Staff costs for the nine NICS departments and their executive agencies in 2018-19
45%	The percentage of the NICS workforce aged over 50 at March 2019
1,420	Staffing vacancies at March 2019 (6.9 per cent of the NICS workforce)
192%	Increase in NICS temporary promotions between 2015 and 2019
100%	The percentage of NICS departments that had used the Strategic Investment Board (SIB) to address skills gaps over the three years to 2018-19
19	Number of unsatisfactory performance ratings in 2017-18 <sup>1</sup> out of a workforce of over 22,000

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<sup>1</sup> The last available performance management information was for the 2017-18 year





# Executive Summary

## Background

1. A highly functioning Northern Ireland Civil Service (NICS) is crucial to the effective delivery of public services in Northern Ireland. At March 2019, over 22,000 people were employed by the nine NICS ministerial departments and their executive agencies, representing the third largest workforce in Northern Ireland. Total staffing costs for 2018-19 were almost £920 million.
2. Approximately 95 per cent of the NICS workforce are non-industrial staff who administer services, projects and programmes linked to the strategic priorities outlined in the 2016-2021 draft Programme for Government (PfG). Around two-thirds of these non-industrial roles are categorised as general service, with staff working in a wide range of roles including operational delivery, policy, and project or programme management.
3. In recent years, budgetary pressures have required the NICS to undertake a programme of workforce rationalisation, delivered through a voluntary exit scheme (VES) and a restructuring of NICS departments, the most significant machinery of government change since 1999. The NICS has also had to respond to several unprecedented challenges, including the suspension of the Northern Ireland Assembly for three years, preparing Northern Ireland for exiting the European Union (EU) and more recently, reacting to the coronavirus<sup>2</sup> ('Covid-19') global health pandemic.
4. These challenges highlight the importance of a highly functioning NICS. However, serious weaknesses in the design and governance of the Non-Domestic Renewable Heat Initiative (RHI) scheme ('the RHI Scheme') have exposed deeper underlying concerns around the capacity and capability of the NICS to deliver complex programmes of this nature and are a key rationale for undertaking this report. The RHI Inquiry was set up to investigate the circumstances of the scheme and reported its findings in March 2020. Eleven of its 44 recommendations can be traced to shortcomings in either the capacity or capability of the NICS workforce. They cover areas such as leadership, the NICS professions, skills and experience in public finances, commercial awareness, contract and project management and the way the NICS recruits to its workforce. **Appendix 3** outlines in detail the 11 recommendations.
5. Capacity involves having the 'right-size' workforce whilst capability relates to the workforce having the requisite skills, knowledge and expertise. Both are necessary to effectively deliver government initiatives as outlined in the draft PfG.

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2 Coronavirus, or 'Covid-19' as it is commonly known, is the newly emerged virus that can significantly affect the respiratory system. The Covid-19 outbreak was first identified in China in December 2019 and was declared a pandemic on 11 March 2020 by the World Health Organisation (WHO).

## Key Findings

### Workforce planning has been inadequate, and rapid progress is now needed to address significant vacancies and reduce reliance on temporary staffing solutions

6. Workforce planning throughout the NICS is not sufficiently developed to effectively manage a complex organisation with over 22,000 staff in a wide variety of roles across nine different government departments and their executive agencies. Prior to 2019-20, five of the nine NICS departments had no formal workforce plans in place and an NICS-wide workforce plan has not been developed.
7. In 2019, the NICS took steps to enhance workforce planning processes by introducing a new planning template for all NICS departments, covering the period 2019-2022. This progress is welcome, however, three departments could not provide us with even draft plans. The new template focuses exclusively on headcount and therefore does not consider the functional skills<sup>3</sup> NICS departments require to deliver future government projects or programmes. However, the NICS HR function ('NICSHR') has advised that *'a focus on headcount will establish a baseline – a fundamental element of effective workforce planning – from which further work will flow on the identification of the functional skills NICS departments require.'*
8. Across the NICS, 45 per cent of staff are currently aged over 50, suggesting a significant number of retirements could occur in the next ten years. Unless significant workforce planning improvements are made and plans drawn up to address potential departures, the capacity and capability of the workforce could be significantly eroded.
9. In the absence of robust workforce planning arrangements and associated resourcing plans across all departments, the NICS has been poorly positioned to respond to increasing staff vacancy rates<sup>4</sup> which, following the end of a moratorium on recruitment in 2016, have grown from 3.1 per cent in March 2017 to 6.9 per cent in March 2019. At March 2019, the total number of staff vacancies (1,420) exceeded the total workforce within the three smallest departments<sup>5</sup>. This vacancy management situation has arisen in a period when the NICS should have been strengthening capacity, given that VES contributed to reducing total headcount by approximately 3,900 staff in the four year period to 2018-19.
10. To partially address gaps in capacity, the NICS has used a variety of temporary staffing solutions, and has become reliant on agency staff in some areas to fill mainly junior (and some middle ranking) grades. The current agency worker framework<sup>6</sup> utilised by the NICS, which had an overall anticipated cost limit of £105 million, has now been exceeded by £48

3 Functional skills differ from the professional and technical skills and grades that currently exist within NICS. They are particularly relevant to delivering public services in a modern business environment and include many specialist activities currently carried out by NICS general service staff including project management, contract management and service delivery.

4 The staff vacancy rate represents the number and proportion of substantive unfilled posts in the workforce. It relates to vacancies identified and approved by NICS departments which NICSHR has been instructed to fill.

5 Department of Education, Department of Health and The Executive Office.

6 The current agency worker framework is an agreement with a number of contractors to provide agency workers to the NICS departments, agencies and non-departmental public bodies and other participating bodies and was set up for the period 6 December 2016 until 5 December 2020.

million<sup>7</sup>. In 2018-19, the £45.7 million costs incurred by the NICS departments on agency staff represented a 155 per cent increase compared to 2016-17. Approximately 50 per cent of this relates to Department for Work and Pensions (DWP) benefit processing being undertaken in Northern Ireland by the Department for Communities (DfC). The use of temporary promotions across the NICS has also increased markedly, rising by 192 per cent between 2014-15 and 2018-19.

11. It is common for agency staff to be deployed for periods exceeding twelve months, and in 2019 at least six departments had cases of temporary promotions lasting longer than four years. Strong evidence therefore exists that temporary solutions are being used to plug permanent gaps in the NICS's workforce capacity.
12. Positively, the NICS has recently sought to address the clear staffing shortfalls by undertaking large scale external recruitments, which have collectively aimed to attract substantial numbers of new permanent recruits at junior and middle ranking grades. Approximately a third of the candidates who were found to be suitable to date are external appointments with no former experience in the NICS, so those appointed should bring new skills, experience and values to the workforce.

### **Despite its importance to workforce capacity and capability, the current NICS recruitment approach does not support placement of 'the right people in the right posts at the right time'**

13. Current recruitment processes within the NICS are not adequately supporting it in addressing the significant vacancy management issues. In particular, NICS departments have significant concerns with the length of time being taken to place successful candidates in post, and have highlighted other issues which are contributing to the delays. These included their own inability to anticipate future supply need, the sequencing of promotions<sup>8</sup> and timely access to departmental promotion lists<sup>9</sup>.
14. Although recruitment is also important in ensuring the NICS workforce has the required capability, currently NICS processes do not ensure 'the right people are placed in the right posts'. General service appointments are not for specific roles and the recruitment and selection arrangements in place do not always assess the skills and experience of prospective candidates nor consider these when matching successful staff with vacancies. Instead, they mainly focus on testing competencies at interview. It is acknowledged however that the majority of specialist, professional, technical and Senior Civil Service (SCS) posts are recruited to specific roles.

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<sup>7</sup> As at August 2020.

<sup>8</sup> This refers to the scenario where a promotion competition or trawl results in a list of suitable candidates, but there is no supply of staff to backfill any vacancies left by the newly promoted staff. If promotion competitions were timed or sequenced better, this could be avoided by ensuring there was supply at the lower grades before running the competition for the higher grade.

<sup>9</sup> This refers to the scenario where a department places successful candidates into post from a tier of a promotion list. They are unable however to move onto the next tier to fill vacant positions until equalisation arrangements take place. This process helps to equalise promotion opportunities across departments.



15. Recognising the limitations of this approach, the Great Britain (GB) Civil Service recruitment process now assesses strengths, abilities, experience, technical skills and behaviours, as well as competencies. NICSHR plans to pursue this approach as part of a review of recruitment policy and process. The majority of departments recognise the need for change in this area, and agree that improving capacity and capability in the NICS requires the recruitment approach to change and be taken forward at pace. More recently, an NICS competition for general grades used a combination of assessment techniques, including competency-based interviews.

### **A stronger focus is required on developing functional skills within the NICS workforce**

16. Unlike the GB Civil Service, the NICS has not yet adequately identified and provided a clear definition of the functional skill sets necessary for a high performing, modern NICS such as project management, commercial, contract management, data and digital technology, fraud and debt. We are aware, however, of certain instances of innovation and good practice within the NICS to build capacity and capability, but the lack of any central record of the skills and experience of NICS staff means there is no way of assessing if they are being utilised in areas that best match their abilities.
17. The RHI inquiry report<sup>10</sup> confirmed the need for such functional skills in the NICS workforce. Our engagement with departments and analysis of their increasing use of the Strategic Investment Board (SIB)<sup>11</sup> highlights a clear need for a wider capability and skills base across the NICS in areas such as project and programme management.
18. The NICS should now urgently apply an enhanced focus on functional skills. It currently has 24 recognised professions<sup>12</sup>, however, there is little clarity on whether these staff, or those working in the larger general service workforce, possess sufficient experience or expertise in the key functional areas identified as crucial by the GB Civil Service (paragraph 16).
19. In terms of NICS professions, some have established entry standards, ongoing learning and development frameworks and career paths, but others are less formal and/or developed. Heads of Profession (HoP) are restricted in fully discharging their role, as they have to perform it alongside their substantive senior management position. While there are differences in the professions, establishing more defined and robust structures, together with sufficient resources, would enable the professions to establish and maintain a range of standards and better develop staff, thereby enhancing the capability of the NICS workforce.

10 *The Report of the Independent Public Inquiry into the Non-domestic Renewable Heat Incentive (RHI) Scheme*, Chapter 4, RHI Inquiry, March 2020

11 SIB is an arms-length body of The Executive Office (TEO). One of its roles is to work with the NICS departments and agencies to provide specialist experience, knowledge and skills to achieve faster delivery of major public investment programmes and projects.

12 The most significant NICS professions include Economists, Statisticians, Veterinary Medicine, Policy, etc.

### **We have significant concerns about the effectiveness of performance management in the NICS**

20. The current performance management system in the NICS only allows for staff to be rated as 'satisfactory' or 'unsatisfactory'. Of almost 20,000 staff performance ratings awarded in 2017-18, 99.9 per cent (19,941 staff) received a 'satisfactory' rating, with only 0.1 per cent (19 staff) being assessed as 'unsatisfactory'. Just over 2,400 staff did not receive any performance rating. NICSHR has advised that approximately 50 per cent of these staff would have been on maternity leave, sick leave or left the service. Further investigation of the remainder is still required.
21. Effective performance management can hugely benefit organisational development and growth but the current outcomes from the NICS performance management process raise significant concerns over its design and implementation. It is particularly difficult to see how the current system, and the culture generated, either incentivises improved performance or addresses performance shortcomings.

### **Leadership and talent management need to be strengthened across the NICS**

22. The NICS staff surveys conducted in 2017 and 2018 identified concerns over leadership<sup>13</sup>, with only 33 per cent of respondents expressing a degree of satisfaction, the lowest of all categories surveyed.
23. Leadership is an underpinning theme throughout the 2018-2021 NICS People Strategy and a range of leadership development initiatives have been introduced. Nonetheless it is too early to evaluate the overall success of these programmes and interventions. To date, an overarching talent management plan has not been developed.
24. As 80 per cent of the SCS is currently aged over fifty, succession planning and talent management is a key issue for the NICS. Work on expanding the NICS apprenticeship provision has been prioritised within the People Strategy, however it is concerning that the last general service fast track intake to the NICS was in 2014 which, in our view, is a retrograde step. More use of graduate schemes, alongside apprenticeship schemes, and other development initiatives aligned to the delivery of the NICS talent management and diversity and inclusion agenda, are essential in ensuring that the NICS has access to the skilled and experienced leaders that it needs now and in the future. Further action is now required to ensure a strong pool of skills and experience and to develop NICS future leaders.

### **Further work is vital to deliver an effective NICS Human Resources (HR) operating model and the implementation of its People Strategy to improve capacity and capability**

25. Since 2006, the NICS has taken incremental steps to try and transform the delivery of people management in the NICS, and adapt the supporting HR operating model. Following a review of the HR operating model in 2015, the NICS Board agreed a move to a single HR Centre of Excellence. In 2017, NICSHR was launched with the remit of delivering the services previously

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<sup>13</sup> Survey category was entitled 'Leadership and change management'.

provided by the separate functions of Corporate HR, Centre for Applied Learning (CAL) and individual departmental HRs.

26. However, since 2006, a lack of NICS-wide strategic focus and under investment, coupled with the impact of preparing for EU exit and dealing with the Covid-19 situation, have led to no material headway in this transformation. To achieve further progress, we consider greater clarity is required on the roles and responsibilities of stakeholders within the model. This is highlighted by the results from our survey, where several departments expressed the view that the roles of certain stakeholders, including NICS HR, HR Connect and line management, are not clearly defined, whilst also advising that they have not been effectively fulfilling these roles.
27. The NICS People Strategy 2018 was an articulation of the transformation required for people management in the NICS, stating that there was “substantial enabling work to be done across the NICS by a variety of stakeholders to make the People Strategy a reality”. Unprecedented challenges along with resource limitations have hindered effective delivery of key aspects of the strategy which are crucial to improving the capacity and capability of the NICS workforce. The NICS operating context has necessitated a ‘get on and do’ approach, prioritising against the reality of its resource position.
28. The NICS has made progress on a range of actions, but the pace has been impacted by the reaction to culture change in the NICS along with other significant issues being faced (paragraph 26). It is now at a critical impasse, struggling to deal with current resourcing and other significant pressures and therefore unable to drive the transformation wanted and needed on key cultural change, long standing and longer term complex actions. This includes an overall joined up approach to talent management, strategic workforce planning and a fundamental review of recruitment and promotion.
29. These are not issues for the NICS HR function nor the Department of Finance (DoF) to address alone and will require senior leadership commitment across the NICS.

### **Overall VFM conclusion**

30. At the heart of our findings, it is both evident and concerning that, for too long, workforce planning, organisational development and people management have been afforded inadequate priority and direction by the NICS. This is despite the fact that it employs over 22,000 staff and has responsibility for delivering critical government functions, objectives and vital public services. The out-workings of this are significant and include:
    - an alarming rise in NICS staffing vacancy levels and increased reliance on temporary staffing solutions;
-

- workforce planning across the NICS which is not sufficiently developed to effectively manage a complex organisation with over 22,000 staff in a wide variety of roles across nine different government departments and their executive agencies and to address capacity and capability gaps;
- recruitment processes which are cumbersome and protracted, and have not been recalibrated to target and secure the necessary skills required to support a modern day civil service operating in a rapidly changing environment;
- inadequate progress in formally identifying and planning for the key functional skills required to meet current and future demands across the NICS; and
- performance management arrangements which require a radical overhaul.

31. Across the NICS, collaboration will be critical in approaching these important issues to realise the benefits which are achievable through much more joined up working and collective leadership. Against this background, we do not consider that value for money is being achieved in this crucially important area.

32. Despite the clear need to address a range of strategic weaknesses, it is important to recognise that NICS staff have continued to deliver vital services to the people of Northern Ireland during a period without an Assembly and against an unprecedented set of challenging circumstances, including the preparation for exiting the EU and responding to the Covid-19 pandemic. The NICS has recognised that action is required but strong collective leadership, driven by the new Head of the Civil Service (HoCS), will be critical to ensure the full implementation of the People Strategy 2018-2021 and the recommendations from both the RHI Inquiry and this report. Urgency, pace and investment is now needed as the NICS undertakes this transformation along with huge, but important, cultural change. Given the immense value that attaches to the work of public servants, now is the opportunity to drive this forward.

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## NIAO Recommendations

### 1. Leadership, governance and transformation

- 1.1 Further development of the operating model for people management and organisational development in the NICS is vital to ensuring it is in a position to deliver the scale and depth of transformation and cultural change needed. The NICS should therefore embrace good and successful models and practice from elsewhere.
- 1.2 Exceptionally strong leadership and a collective commitment is required to implement and prioritise, at the necessary pace, the remaining actions set out in the NICS People Strategy and the recommendations required by this report and the RHI Inquiry. This will necessitate some major strategic reform. Particular emphasis should be given to governance structures and clearly defined roles and responsibilities for all stakeholders including: the NICS Board; departmental boards; DoF; NICSHR; departments; line managers; contracted service providers for HR transactional services; and the Civil Service Commissioners.
- 1.3 There should be absolute clarity on who will oversee the transformation required and it is imperative that this is sufficiently resourced.
- 1.4 To further enhance accountability, all senior civil service staff should have capacity and capability related objectives in their annual performance expectations, along with measurable targets.

### 2. Workforce planning

- 2.1 A key goal of workforce planning should be to ensure departments have the necessary resources and skills to deliver key programmes and objectives. Workforce planning should be underpinned by accurate and robust data, including clarity around underlying assumptions in key areas of vacancies, temporary staffing solutions, alternative work patterns and partial retirees.
  - 2.2 An NICS-wide workforce plan should be developed to include both headcount and skills, informed by a workforce planning template applied consistently across departments, and further developed to assist succession planning.
  - 2.3 The NICS staffing costs profile should be reviewed, including costs of all temporary staffing solutions, to inform whether permanent staffing budgets and headcount baselines require adjustment to better align workforce planning to NICS staff requirements.
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### 3. Review of resourcing

- 3.1 Alongside improvements in workforce planning, a fundamental review of resourcing should be undertaken, focusing on recruitment and selection methods. To place the right people in the right posts, appointments should be to roles or role categories with essential and desirable criteria tailored as appropriate. The emphasis should be on testing the required skills and experience within the recruitment process as well as the competencies and, where appropriate, using these when matching staff to vacancies.
- 3.2 The resourcing approach should include more external recruitment and a targeted use of secondments and the interchange system. The use of SIB should remain an option, provided departments comply with The Executive Office's (TEO's) engagement principles and procedures, including effective arrangements for governance and oversight.
- 3.3 The NICS should, on an ongoing basis, review and ensure that its arrangements in relation to market based pay flexibilities and non-salary incentives are appropriate to attract and retain in-demand skills. If the NICS needs to transition to more attractive arrangements, effective oversight and governance should be established to ensure value for money.
- 3.4 The NICS and the Civil Service Commissioners should work in partnership, taking account of how other models operate, to explore how they can best support the delivery of the transformation agenda and the changes needed to reform the recruitment and selection process throughout the NICS.

### 4. Vacancy management processes

- 4.1 Improvements in workforce planning and changes to the NICS approach to recruitment and selection processes should be supported by improvements to operational vacancy management processes, to provide a more flexible and responsive approach and reduce the time taken to place candidates in posts.
  - 4.2 Improved workforce planning should identify vacancies earlier and associated resourcing plans should be developed. Vacancy management processes should be refined; duplication and delays should be removed; roles and responsibilities within the processes should be clear and understood by all stakeholders; best practice timescales for recruitment competitions should be agreed and monitored by the NICS and departmental boards; and more reliable processes for estimating future supply needs and contingency should be introduced.
-

## 5. Skills

- 5.1 The NICS should formally identify the professional, technical and functional skills it requires to successfully deliver current and future government programmes.
- 5.2 Each NICS department, applying the same overall methodology and using the same definitions, should undertake formal and ongoing skills audits, to capture intelligence about existing workforce skills, background and experience and store this information on a centralised database. The resulting database should be continually updated and contain sufficient detail to assist departments with workforce planning, succession planning, vacancy management, recruitment, learning, development and talent management. The skills audits process should form part of a continual skills assessment cycle.
- 5.3 A skills gap analysis, focusing on critical skills such as project management, commercial, contract management, data and digital technology, fraud and debt, should be undertaken. The NICS should outline how these skills will be acquired and developed within its workforce, with specific consideration given to the creation of new NICS professions and an enhanced role for existing NICS professions, potentially coupled with the development of a functional skills model aligned with that of the GB Civil Service.
- 5.4 All resulting NICS professions, or functions, especially the larger ones or those requiring accelerated development, should be provided with sufficient support and resources, to lead and develop the capabilities of the profession/function, to meet NICS professional skills demands.

## 6. Performance Management

- 6.1 The NICS performance management approach, process and guidance should be improved to recognise strong performance, appropriately manage under performance, and incentivise staff to improve and develop. Creating an effective performance management culture will require strong leadership and open, honest and clear communication. The process should be supported by clear guidance to ensure consistency of approach.
  - 6.2 Compliance and consistency across all grades is critical and, to this end, the approach should contain quality-themed compliance checks.
  - 6.3 There should be a continued focus on strengthening the capacity and capability of line managers at all levels in the NICS to deliver on improved performance management and other key areas impacting on capacity, such as managing attendance.
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## 7. Talent management, learning and development

- 7.1 There should be a clear commitment to initiatives such as employability programmes, apprenticeships, graduate and fast-track schemes, not solely for general service grades but also for any new profession or functions arrangements (Recommendation 5.3), underpinned by on-the-job training, mentoring and other support mechanisms.
  - 7.2 The NICS strategic response to, and leadership role in, the Executive's Covid-19 recovery plan means that the civil service's approach to talent management is now more important than ever. It should be further developed and communicated as a clearly defined, prioritised and resourced strategic plan to support change and drive initiatives to help guide recruitment and selection, performance management, workforce planning, succession planning and learning and development.
  - 7.3 The NICS should develop a learning and development plan which, like the diversity plan, is aligned to the People Strategy and should be informed by departmental skills audit outcomes and take account of line of business training within departments and NICS professions or functions requirements (Recommendation 5.2).
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## Part One: Introduction and Background

### The NICS plays a fundamental role in delivering the Northern Ireland Executive's strategic priorities

- 1.1 The Northern Ireland Civil Service (NICS) is a permanent institution which supports the Northern Ireland Executive<sup>14</sup>. Its principal role is to develop and implement government policies and help administer and oversee the delivery of services to the public of Northern Ireland.
- 1.2 There are nine NICS ministerial government departments, each with key operational responsibilities (**Figure 1**). These align to the Northern Ireland Executive's strategic priorities as set out in its draft Programme for Government (PfG) document 2016-2021<sup>15</sup>.

**Figure 1: NICS departments - Key operational responsibilities**

Department	Responsibilities
The Executive Office (TEO)	Overall responsibility for running the Northern Ireland Executive
Department of Agriculture, Environment and Rural Affairs (DAERA)	Overall responsibility for assisting in the sustainable development of the agri-food, environmental, fishing and forestry sectors of the economy
Department for Communities (DfC)	Overall responsibility for tackling disadvantage and building sustainable communities
Department of Education (DE)	Overall responsibility for delivering pre-school, primary, post primary and special needs education
Department for the Economy (DfE)	Overall responsibility for the promotion and development of the economy
Department of Finance (DoF)	Overall responsibility for ensuring the most appropriate and effective use of public resources
Department for Infrastructure (DfI)	Overall responsibility for maintaining and developing transport and water infrastructure
Department of Health (DoH)	Overall responsibility for improving health and social wellbeing of the people
Department of Justice (DoJ)	Overall responsibility for policing and justice powers

Source: NIAO

- 1.3 To secure effective delivery of the draft PfG, collaborative and cross-departmental working is required by NICS departments. The capacity and capability of the NICS is key to helping it successfully deliver the draft PfG's fourteen intended societal outcomes.

14 The Northern Ireland Executive is the devolved government of Northern Ireland, an administrative branch of the legislature – the Northern Ireland Assembly.

15 The PfG document for the period 2016-2021 has remained in draft form as it was not formally ratified before the Northern Ireland Assembly was dissolved in January 2017.

**A high performing workforce requires the right Capacity and Capability.**

**Capacity** is having the 'right-size' workforce.

**Capability** is having a workforce with the requisite skills, knowledge and expertise.

## The NICS workforce is the third largest in Northern Ireland and comprises various grades and professions

- 1.4 At April 2019, the nine NICS departments employed 22,313<sup>16</sup> members of staff, or 20,725 Full Time Equivalents (FTEs)<sup>17</sup>. This is the third largest workforce in Northern Ireland, with only the health and social care and education sectors having more staff. Total staffing costs for the nine NICS departments amounted to £917.6 million<sup>18</sup> in 2018-19.
- 1.5 The NICS workforce comprises a range of industrial and non-industrial staff grades as well as a senior management stream (the Senior Civil Service - (SCS)). Industrial staff, which account for around 4 per cent of the workforce, perform mainly frontline operations. This report, however, primarily focuses on the non-industrial civil servants that represent 95 per cent of the workforce and have a grading structure ranging from Administrative Assistants (entry level) to Grade 6 (management level). Within the SCS, staff at Grade 5 and Grade 3 level report to the Permanent Secretaries of the nine NICS departments, who are accountable for the day to day operation of the business.
- 1.6 The above analysis is based on **Appendix 1** which sets out the NICS grading structure and the number of FTEs employed by the nine NICS departments.
- 1.7 At April 2019, approximately two-thirds of non-industrial NICS staff occupied general service posts<sup>19</sup>, performing a wide range of roles including operational delivery, policy and project or programme management. For these staff, movement between such roles is common practice. There are also 24 recognised NICS professions to which professional and technical staff and also general service staff may belong (**Appendix 2**).
- 1.8 The nine departments differ in terms of staff numbers, grades, skills, knowledge and expertise. A number of factors determine the optimal workforce requirements of each department including:
- line of business functions and strategic objectives;
  - the technical demands of the sector, such as Infrastructure or Health; and
  - the scope and complexity of projects to be delivered.

16 Northern Ireland Statistics and Research Agency (NISRA) Statistical Bulletin, Employment in the NICS: April 2019 – the figure includes permanent staff and casual employees but excludes those on a career break. It includes staff of the executive agencies overseen by the nine departments but excludes staff from non-departmental public bodies which operate at arm's length to the departments.

17 In a FTE calculation, each full time worker is counted as one staff member, but part time staff are counted as a proportion, based on the number of hours worked. Both calculations have relevance to workforce planning.

18 These staffing costs are taken from the respective Annual Report and Accounts of the nine NICS departments and include salary and employer on-costs such as employer pension contributions, employer national insurance contributions and apprenticeship levies.

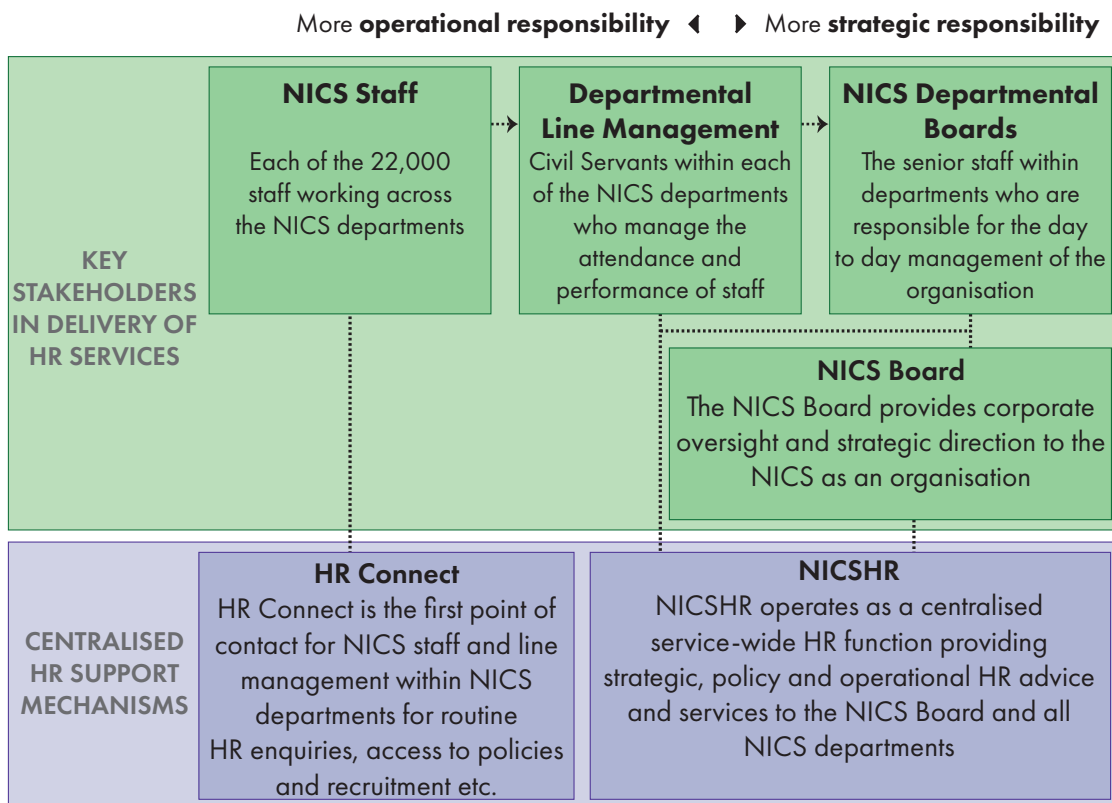
19 Based on an analysis of occupations from *NICS Personnel Statistics, 2019*, NISRA.

# Part One: Introduction and Background

## Responsibility for NICS capacity and capability lies with Permanent Secretaries, with various stakeholders providing human resources (HR) support

- 1.9 To function effectively and deliver the required outcomes, NICS departments require ‘the right people, in the right place, at the right time’. Permanent Secretaries are accountable to their respective Minister for their departments’ overall performance and therefore are responsible for obtaining the appropriate staffing resources. In turn, Ministers are answerable to the Northern Ireland Assembly.
- 1.10 In managing the NICS workforce, the Permanent Secretaries and the various line managers within their command are supported by a range of other relevant stakeholders within the people management and leadership model. A high level illustration of the current HR service operating model for the NICS (**Figure 2**) includes HR Connect, which assists with everyday HR and payroll enquiries, and the NICS HR function (‘NICSHR’) which provides policy development and operational support and advice on strategic and more complex HR issues.

**Figure 2. Responsibility and accountability framework for delivery of HR services in NICS workforce**



Source: NIAO

- 1.11 Created in April 2017, NICHSR brought together the functions of Corporate HR, Departmental HR and the Centre for Applied Learning (CAL) and it currently has 430 FTE staff. HR Connect Service Management Division within DoF's Enterprise Shared Services (ESS) has a complement of 9 FTEs and manages the services provided by HR Connect to the NICS. Both units are part of DoF. The Civil Service Order 1999 makes DoF (formerly the Department of Finance and Personnel) responsible for the general management and control of the NICS. The Department may make regulations or give direction on;
- the number and grading of posts within the civil service and employment;
  - regulations or directions relating to remuneration, expenses, allowances, conditions of service, classification or re-classification of civil servants;
  - the Code of Conduct and Code of Ethics; and
  - recruitment for the NICS.
- 1.12 The NICS Board, which is a senior management leadership forum chaired by the Head of the Civil Service<sup>20</sup> (HoCS), and attended by the nine Permanent Secretaries along with various other stakeholders<sup>21</sup>, also considers workforce requirements and people issues from a strategic perspective. It provides corporate oversight and strategic direction to the NICS as an organisation and has recognised the need to improve capacity and capability of the wider NICS workforce by agreeing its People Strategy in May 2018.

## Successful workforce planning is fundamental to building NICS capacity and capability

- 1.13 Successful workforce planning ensures that an organisation has both appropriate capacity and capability i.e. the right number of staff with the requisite skills, knowledge and experience. Alongside this, organisations must have effective processes for deploying, managing and developing their workforce.
- 1.14 In recent years, local public sector bodies, including NICS departments, have faced increasing challenges in ensuring that their workforces are equipped with the required capacity and capability. Indeed, as **Appendix 3** outlines, inadequate capacity and capability has contributed to various shortcomings within key NICS programmes and projects.
- 1.15 The serious weaknesses in the design and governance of the Non-Domestic Renewable Heat Incentive Scheme ('the RHI scheme'), have exposed deeper underlying concerns around the capacity and capability of the NICS to deliver complex programmes of this nature. In providing evidence to the Independent Public Inquiry into the RHI Scheme ('the RHI Inquiry') in March 2018, the HoCS acknowledged that the former Department of Enterprise, Trade and Investment

20 The Head of the Civil Service (HoCS) holds a leadership role for the organisation and is Permanent Secretary of TEO. The HoCS has primary responsibility for creating, developing and sustaining the NICS as an organisation which serves the Executive and the people of Northern Ireland through the provision of high quality, cost effective services.

21 These include the Director of Strategic Policy, Equality and Good Relations (Deputy Secretary) and TEO Accounting Officer, the Director of Executive Support and Programme for Government (TEO), the First Legislative Counsel (TEO), the Director General, International Relations (TEO), the Departmental Solicitor (DoF) and the Strategic HR Director (DoF).

## Part One: Introduction and Background

(DETI) had taken risks by relying on a small team of general service staff with limited, relevant expertise, to deliver such a complex project. The RHI Inquiry subsequently criticised the capacity and capability of the project team, stating that:

*“The Inquiry finds that the resources available to develop this novel and complicated scheme were inadequate. The insufficiency of resources was not only in terms of staff numbers: the small team was simply not provided with the necessary knowledge or experience to carry out the necessary activities; to analyse the information it received; to make the necessary judgments; nor was there any adequate effort to access expertise in other parts of the Northern Ireland Government such as Invest NI and/or the Strategic Investment Board”.*

- 1.16 Such shortcomings highlight the importance of public bodies giving sufficient priority on an ongoing basis to developing strong workforce planning arrangements which address capacity and capability gaps.

### The NICS has been operating in a changing environment

- 1.17 Effective workforce planning is challenging and is complicated by constant changes in work priorities and the operating environment of NICS departments. In recent years, the NICS has faced unprecedented challenges which have made workforce planning increasingly difficult. For example:
- The out-workings of the Public Sector Transformation Programme in Northern Ireland. This was administered across the NICS departments in 2015-16 via a Voluntary Exit Scheme (VES) and achieved estimated annual staff cost savings of £87 million.<sup>22</sup> This contributed to a reduction in NICS workforce numbers of 15 per cent<sup>23</sup> between 2014-15 and 2018-19.
  - The annual budget-setting cycle in central government, combined with the suspension of the Northern Ireland Assembly, inevitably hampered longer term financial and workforce planning. This consequently impacted on the NICS’s ability to permanently fill vacancies with the ‘right’ people.
  - The NICS departments have faced considerable pressures associated with preparing for exiting the European Union (EU), with significant staffing resources being devoted to this and staff being redeployed from delivering other key services, and, in 2020, responding to the coronavirus<sup>24</sup> (‘Covid-19’) pandemic.
- 1.18 In essence, the NICS has been expected to deliver existing services with fewer permanent staff whilst responding to these challenges. To address capacity and capability shortfalls, NICS departments have deployed a range of temporary measures including using temporary promotions, agency staff and overtime. The annual expenditure associated with these measures has increased by £30.5 million between 2016-17 and 2018-19<sup>25</sup>.

22 NICS Voluntary Exit Scheme – Post Project Evaluation Report, DoF, January 2017

23 NISRA Statistical Bulletin, Employment in the NICS: April 2015 and April 2019 – the figures include permanent staff and casual employees but exclude those on a career break.

24 Coronavirus, or ‘Covid-19’ as it is commonly known, is the newly emerged virus that can significantly affect the respiratory system. The Covid-19 outbreak was first identified in China in December 2019 and was declared a pandemic on 11 March 2020 by the World Health Organisation (WHO).

25 Figures provided by the NICS departments. Excludes temporary promotion costs.

## Scope and structure

- 1.19 This review is effectively a position statement of the **capacity** and **capability** within the NICS workforce. In assessing **capacity** we focused on workforce planning, vacancy management and staff recruitment, as well as the growing use of temporary measures to address staffing gaps. In the area of **capability** we reviewed the current NICS skills base and sought to identify potential gaps, and the necessary steps needed to acquire the requisite and specialist skills. We also examined whether the current NICS professions structure is effectively meeting the increasingly challenging and complex demands being placed on NICS departments, as well as current arrangements for managing staff performance and addressing training and development needs.
- 1.20 Our report is strategically focused and structured as follows:
- **Part Two-** an assessment of the challenging environment facing the NICS.
  - **Part Three-** whether the NICS workforce has sufficient capacity, and how this can be further enhanced.
  - **Part Four-** whether the NICS workforce has sufficient capability, and how any key skills gaps can be addressed.
  - **Part Five-** work ongoing within the NICS to address capacity and capability needs and the challenges which still remain.
- 1.21 Our review used a range of investigative and research methods (**Appendix 4**).
- 1.22 Whilst this study has focused on the NICS, all public sector bodies across Northern Ireland should consider the findings in the context of their own operations and develop action plans to address any key shortcomings.
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## Part Two:

The NICS has had to deliver existing services whilst rationalising its workforce and structure and responding to unprecedented challenges

- 2.1 'The Stormont House Agreement' (December 2014) and 'A Fresh Start: The Stormont Agreement and Implementation Plan' (November 2015) committed the Northern Ireland Executive to introducing comprehensive reform and restructuring designed to maximise available resources and deliver enhanced services to citizens.
- 2.2 This led to the introduction of public sector VESs to reduce pay-bill costs. The NICS VES operated in 2015-16 and was followed by departmental restructuring. A temporary recruitment and promotion freeze was also introduced in November 2014 but was withdrawn in April 2016 partly due to the impact of VES on the capacity of the NICS workforce.

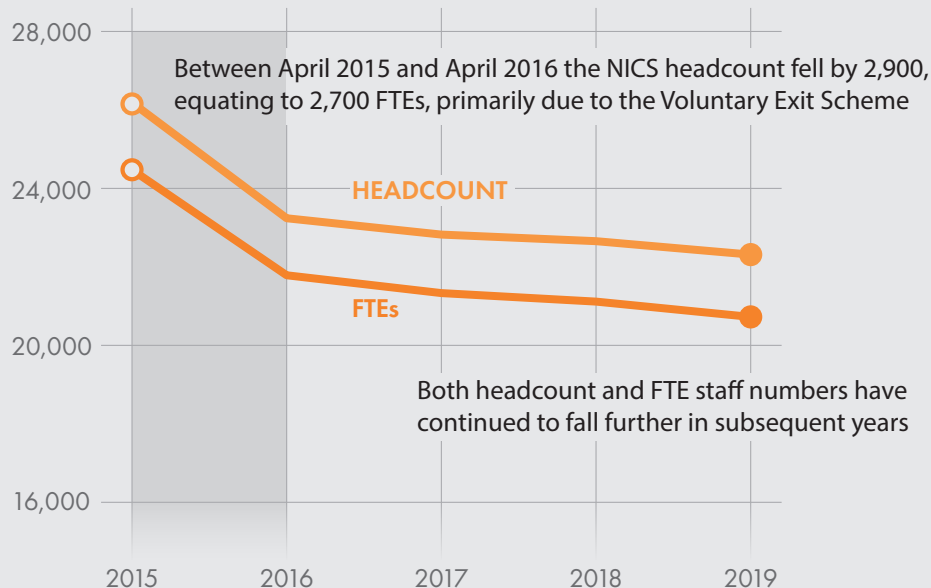
### While VES delivered cost savings and workforce rationalisation, the NICS workload has not reduced

- 2.3 Funding for VES was managed and allocated across the NICS departments by the former Department of Finance and Personnel (DFP) (now DoF). The scheme was operated by the NICS departments in 2015-16 and on completion, incurred costs of £90.4 million<sup>26</sup>. Whilst it helped achieve estimated annual cost savings of £87 million<sup>27</sup>, it was also the primary reason for total headcount and FTEs falling across NICS departments by 3,900 and 3,800<sup>28</sup> respectively between 2015 and 2019 (i.e. a 15 per cent workforce reduction) (**Figure 3**).

**Figure 3. The NICS reduced in size significantly between 2015 and 2019**

Between April 2015 and April 2019 the total NICS headcount fell from 26,200 to 22,300, with Full Time Equivalent (FTE) staff numbers falling from 24,500 to 20,700 over the same period.

NUMBER OF STAFF AT 1st APRIL (ROUNDED TO NEAREST 100):



Source: NISRA

26 As per the post project evaluation, this relates to the compensation cost only and not the administration costs of the programme which were estimated at approximately £1 million. It also excludes a number of departures for legal grades in 2018-19 as these were small in terms of numbers and cost.

27 As per the post project evaluation, estimated savings in the first year of the scheme, 2015-16, were £24 million.

28 Figures have been rounded to the nearest 100.

The scheme particularly impacted on workforce numbers in the former Department for Regional Development (DRD) (now DfI), which reduced by 15 per cent in 2015-16 alone.

- 2.4 The NICS told us that staff numbers continued to fall modestly by around 4 per cent between 2016 and 2019 after the completion of VES, due to NICS departments not filling all of the vacancies which emerged when NICS staff left. This practice occurred as most departments wanted to preserve the savings generated by VES. The sustained use of internal promotion boards and appointments rather than open recruitment, also meant there was little opportunity to increase the overall headcount numbers.
- 2.5 Shortly after VES was introduced across the NICS, significant departmental restructuring also commenced (May 2016). This represented the biggest change to the machinery of government<sup>29</sup> in Northern Ireland since 1999. It reallocated responsibilities from the previous twelve NICS departments to nine new departments. In announcing the NICS restructuring in March 2015<sup>30</sup>, the then First Minister confirmed that all existing functions and policies were being maintained, but the focus would be on delivering these more efficiently.
- 2.6 The impact of such significant restructuring, combined with the considerable reduction in staff numbers, has contributed to weakening the NICS's capacity and capability to deliver services. Our report in 2016 on VES<sup>31</sup> found that:
- there had been some increases in expenditure on agency staff and consultancy following the implementation of VES; and
  - although departments confirmed VES had helped secure operational efficiencies, it had been detrimental to staff morale and led to a loss of key skills.

Mechanisms existed within the VES scheme to mitigate against the loss of vital skills, including quotas and phased tranches, etc. However, of 25 organisations surveyed, nine reported losing key skills.

- 2.7 This investigation has found evidence that key gaps remain. The DoJ reported a shortage of specialist skills in Forensic Science Northern Ireland (FSNI) and the Northern Ireland Courts and Tribunal Service (NICTS). The DfC told us it was still missing skills in the Public Record Office of Northern Ireland (PRONI), which has damaged its ability to engage proactively with NICS departments to fully deliver its statutory obligations, and the DfI has lost a significant number of professional and technical staff with sector specific knowledge and experience of the Northern Ireland roads and waterway networks.

29 A 'Machinery of Government' change occurs when government decides to change the way its responsibilities are managed. It can involve the movement of functions, resources and people from one government body to another.

30 Northern Ireland Assembly: Ministerial Statement – 2 March 2015

31 *Northern Ireland Public Sector Voluntary Exit Schemes*, NIAO, October 2016

## Part Two:

The NICS has had to deliver existing services whilst rationalising its workforce and structure and responding to unprecedented challenges

### Annual budget-setting and the suspension of the Northern Ireland Assembly have restricted longer term planning

- 2.8 This comprehensive NICS reform and restructuring coincided with government austerity measures which have reduced the overall Northern Ireland block grant<sup>32</sup> by £530 million since 2010-11. Although the NICS departments have attempted to manage and control the increasingly tightened budgets, the annual budget-setting cycle has hampered more effective longer term financial and workforce planning.
- 2.9 The Northern Ireland Assembly's suspension in January 2017 presented further challenges. Decision making across the NICS was restricted to implementing existing policy, with no scope for introducing new policy as the necessary legislation could not be passed. This has had a negative impact on the NICS's ability to strategically plan for the future. Eight of the nine NICS departments told us that the absence of a fully functioning Assembly had caused them operational issues which have impacted on their capacity and capability.
- 2.10 A concerning outworking of this, and of the VES scheme, is that the NICS has become more reliant on temporary staffing solutions, including the use of agency staff (**Part Three** examines the use of temporary measures in the NICS in greater detail).

### The NICS has also had to deal with unprecedented challenges

- 2.11 In addition to significant staffing and structural rationalisation, the NICS has faced a number of other challenges, including further reform initiatives and unprecedented political and global health developments:
- **Welfare Reform:** implementing welfare reform has presented the DfC with significant pressures. In 2019, we reported<sup>33</sup> that whilst the DfC had estimated the cost of implementing welfare reforms in Northern Ireland at more than £0.5 billion over a ten year period, no additional funding had been allocated to cover this.
  - **Exiting the EU:** Exiting the EU has impacted significantly on all sectors in the United Kingdom (UK). In Northern Ireland, engagement on exiting the EU has been taken forward by the NICS departments. Significant transitional work has been necessary in preparation for EU responsibilities being returned to the UK. This has included addressing key areas such as migration, EU market access, future trade policy and energy under various 'deal' or 'no deal' scenarios. It has required draft amendments to legislation, detailed consideration of operational implications, and close liaison with Civil Service counterparts across the UK. Consequently, already limited NICS staff resources have had to be redeployed from mainstream service delivery. A report<sup>34</sup> commissioned in early 2019 found an EU exit resourcing requirement across the NICS of between 400 and 760 staff, depending on a 'deal' or 'no deal' scenario.
  - **Covid-19:** The global transmission of Covid-19 could not have been foreseen, but has placed a huge burden on countries throughout the world. Urgent efforts have been

32 Non-ring fenced DEL (Departmental Expenditure Limit) block grant in real terms

33 *Welfare Reforms in Northern Ireland*, NIAO, January 2019

34 EU exit-specific external consultancy support for the NICS – February 2019

required to increase intensive care capacity, undertake microbiological testing, develop and administer grants for small businesses and quickly increase welfare benefit provision. Diverting resources to respond to new and urgent government initiatives, alongside the measures of 'self-isolation' and 'social distancing'<sup>35</sup>, further reduced NICS workforce capacity, and impacted on the efficient delivery of wider day to day services.

## Addressing current and future challenges will require the NICS to enhance its capacity and capability through strategic organisational development and transformation

- 2.12 This part of the report has highlighted complex challenges which the NICS is still in the process of addressing. Despite these significant obstacles, the NICS has continued to function and provide important services to the people of Northern Ireland. A 2019 Institute for Government<sup>36</sup> review applauded the NICS for how it had handled the absence of ministers, but also highlighted the need for improvement in certain areas, including the capability shortfalls highlighted by the RHI Inquiry. For the NICS, in common with many organisations, the unprecedented challenge presented by the Covid-19 pandemic is also likely to provide important experience and lessons learnt in the areas of business continuity planning and processes.
- 2.13 The January 2020 'New Decade: New Approach' document included updated commitments by the restored Executive to deliver further public sector transformation and investment. In order to manage this process effectively, it is therefore crucial for the NICS to identify its optimal capacity and capability so that the right number of people with the necessary skills are in the right places at the right time across all departments. This will require an enhanced focus on a wide range of areas including:
- strategic workforce and succession planning;
  - recruitment and vacancy management;
  - the use of temporary staffing solutions, skills and professions;
  - sickness absence;
  - performance management;
  - training and development; and
  - leadership and talent management.
- 2.14 **Parts Three** and **Four** of this report consider these issues. The associated recommendations are documented in the Executive Summary.

35 Self-isolation is the process of staying at home and separating yourself from other people in your home whilst social distancing is the intentional concept of maintaining distance from others in work or whilst out in public.

36 *Governing without ministers – Northern Ireland since the fall of the power sharing executive*, Institute for Government, 2019.





## Part Three:

### Significant work is needed to address NICS capacity gaps

- 3.1 Previous Northern Ireland Audit Office (NIAO) reports (**Appendix 3**) have highlighted how capacity related shortfalls have impacted across the public sector in Northern Ireland, including the health sector, oversight of major capital projects and management of the government office estate.
- 3.2 This part of the report examines the current **capacity** within the NICS workforce and assesses if a number of factors could pose risks and threats to how the NICS is positioning for the future.

### NICS sickness absence rates are almost twice the level of the other UK civil services

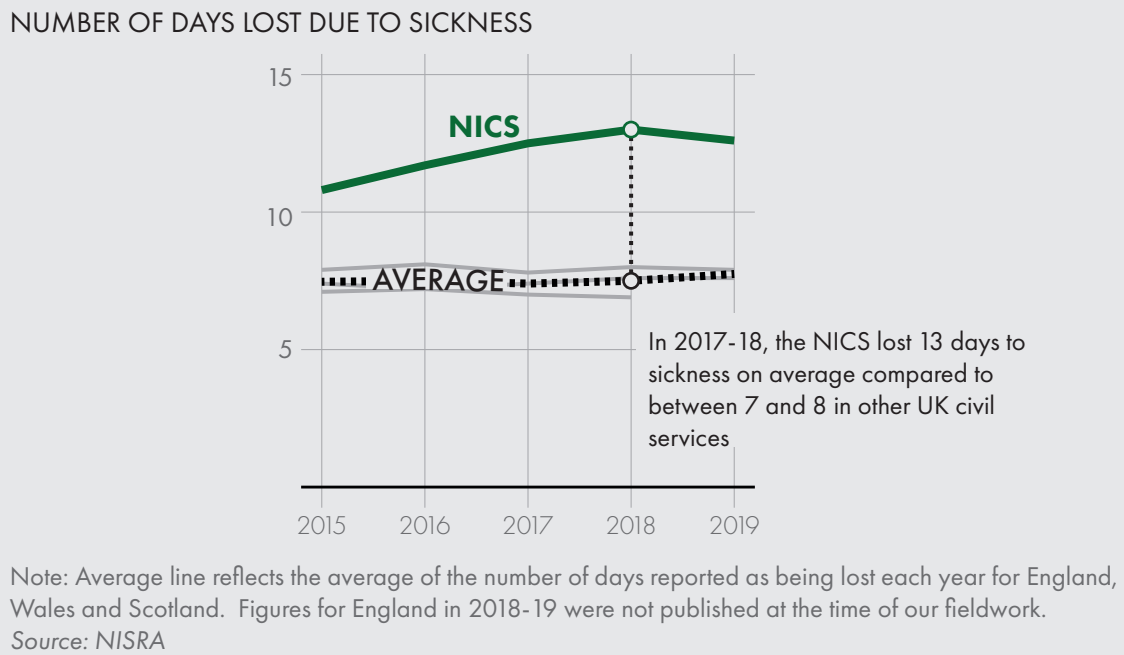
- 3.3 The rate of sickness absence is an important and relevant indicator for measuring the health and wellbeing of the workforce. Good health and wellbeing helps increase employee motivation, engagement and output.
- 3.4 The Northern Ireland Statistics and Research Agency (NISRA) publishes annual statistics on NICS sickness absence, together with an analysis of trends over time. The overall average level of sickness absence per employee across the NICS<sup>37</sup> increased each year from 2014-15 (10.8 days) to 2017-18 (13.0 days). This compares favourably with equivalent statistics for local councils in Northern Ireland during the same period (12.3 to 14.9 days respectively). In 2018-19 the NICS figure reduced slightly to 12.6 days.
- 3.5 The most significant cause of absence was anxiety, stress, depression or other psychiatric illnesses, which collectively accounted for almost 39 per cent of days lost in 2018-19. Within this category, work related stress accounted for approximately a third of the days lost. NICS sickness absence rates are highest for staff aged 55 and over (14.3 days).
- 3.6 NICS sickness absence levels appear however to be significantly higher than for civil servants elsewhere in the UK (Her Majesty's Civil Service ('GB Civil Service'), Scotland and Wales) (**Figure 4**), but caution needs to be exercised in making comparisons, as methodologies for gathering and reporting data can differ across organisations<sup>38</sup>.

37 NISRA includes the Public Prosecution Service (PPS) in its sickness absence analysis of the NICS but with only 429 FTE's as at 1 April 2019, this is unlikely to have a material impact on the statistics.

38 *Sickness Absence in the Northern Ireland Civil Service 2018-19 (Paragraph 1.7)*, NISRA, 20<sup>th</sup> June 2019



**Figure 4. The NICS has a significantly higher average number of working days lost due to sickness than other UK civil services**



- 3.7 NISRA estimates that the average 12.6 days lost for each staff member in 2018-19 equated to approximately 268,000 days absence, with estimated costs of £32.9 million. This high sickness absence level across a headcount of over 22,000 can only have reduced the strength of NICS capacity and capability, so addressing the area is clearly a matter of priority for the NICS. Particular focus should be applied to the most significant causes of absence<sup>39</sup>.

## Vacancy rates have increased in almost all NICS departments

- 3.8 In **Part Two**, we highlighted how the permanent NICS workforce has been contracting, largely due to VES, whilst still having to maintain delivery of all existing services and respond to a range of unprecedented challenges such as preparing to exit the EU. Against a background where the NICS should have been strengthening its capacity, vacancy rates<sup>40</sup> since March 2017 have shown a relatively large increase in all but one of the NICS departments. At March 2019, there were 1,420 FTE vacancies<sup>41</sup> across the NICS which equates to 6.9 per cent of the workforce. This exceeds the combined total FTEs for the three smallest NICS departments (DE, DoH and TEO) and represents a very significant increase on the 666 vacancies (3.1 per cent) recorded at March 2017 (**Figure 5**). As noted earlier at paragraph 2.4, the NICS was emerging from VES, post April 2016, which resulted in NICS departments not filling all vacancies when NICS staff left.

39 We plan to produce a separate, more detailed review of sickness absence levels across the public sector, together with good practice guidance on absence management, later in 2020.

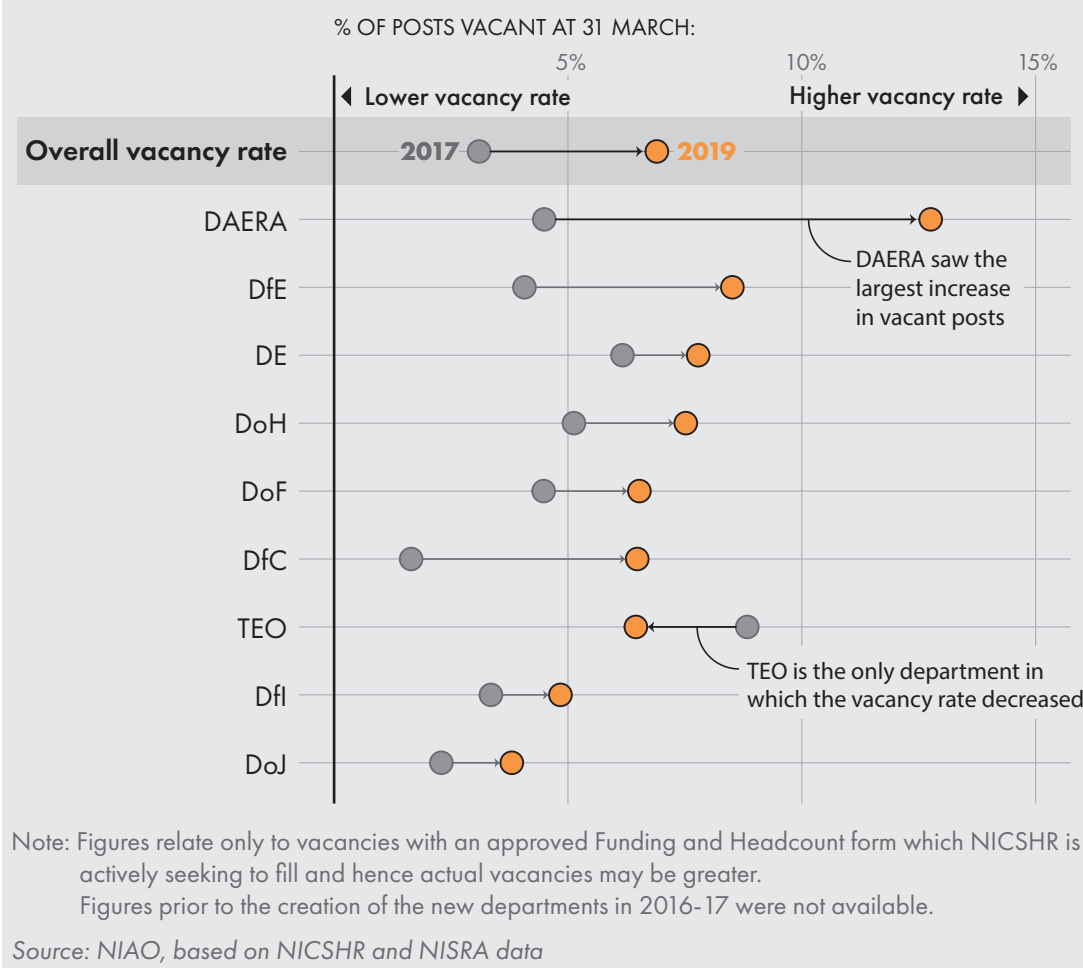
40 The staff vacancy rate represents the number and proportion of substantive unfilled posts in a workforce.

41 This relates to vacancies identified and approved by NICS departments which NICS HR has been instructed to fill.

## Part Three:

Significant work is needed to address NICS capacity gaps

**Figure 5. The Full Time Equivalent vacancy rate across the NICS increased from 3.1 per cent at March 2017 to 6.9 per cent at March 2019**



3.9 NICS HR has told us the current vacancy situation is “unsustainable” and most of the NICS departments identified this as an area of concern. For example, only two departments stated that their vacancy management processes were fully meeting expected requirements and did not need improvement. The departments attributed the current vacancy levels to a number of factors including:

- the additional need for staff, for example, to prepare for exiting the EU (particularly within DAERA), for undertaking transformation projects (DoF and DoH), or for responding to the requirements of the RHI Inquiry (DfE and DoF); sequencing of promotions<sup>42</sup> and restrictions on accessing other departments’ ‘promotion lists’<sup>43</sup>;

42 This refers to the scenario that a promotion competition or trawl results in a list of suitable candidates, but there is no supply of staff to backfill any vacancies left by the newly promoted staff. If promotion competitions were timed or sequenced better, this could be avoided by ensuring there was supply at the lower grades before running the competition for the higher grade.

43 This refers to the scenario where a department places successful candidates into post from a tier of a promotion list. They are unable however to move onto the next tier to fill vacant positions until equalisation arrangements take place. This process helps to equalise promotion opportunities across departments.

- supply issues at junior and middle management general service grades (Administrative Officer (AO) to Deputy Principal (DP)), resulting in an increased reliance on temporary staffing measures such as agency staff or temporary promotions;
- time taken to appoint staff (paragraphs 3.44 to 3.49); and
- difficulty in identifying the right people for specific roles.

- 3.10 Furthermore, the above data does not reflect how the re-establishment of the Northern Ireland Assembly in early 2020 has created further vacancy pressures across the NICS, due to staff previously redeployed to other NICS departments returning to their substantive Assembly posts.
- 3.11 Whilst effectively filling vacancies should now be a key priority across the NICS, slow progress in addressing longer term workforce planning (paragraph 3.32 – 3.35) has made the reduction of the current high vacancy rates challenging. To help NICS departments, NICSHR has recently introduced several interim measures, including improved communication with line managers on forthcoming promotion lists and ongoing development of better quality management information on staffing levels and needs. A vacancy management toolkit<sup>44</sup> is also under development. In addition, NICSHR has advised us that in response to immediate concerns around EU exit planning and the Covid-19 pandemic, it has developed a recruitment plan in conjunction with departments, focusing on staff requirements over the next 6-9 months.
- 3.12 All the departments agree that a more structured approach to public sector secondments and better use of the Interchange Scheme<sup>45</sup> offer other potential methods of temporarily reducing vacancy levels. Seven out of the nine departments also advocated increasing the use of external recruitment to improve vacancy management.

## The NICS has become increasingly reliant on temporary staffing solutions

- 3.13 The rising vacancy levels have been a key contributory factor behind an increased reliance across the NICS on temporary staffing solutions. These temporary measures include the use of agency staff, overtime and temporary promotions.<sup>46</sup> These options at times provide valuable support to the NICS departments and can offer value for money if properly managed and controlled, however, the sustained and increasing use of agency staff and temporary promotions is concerning.

44 A vacancy management toolkit is an aide-memoire outlining the process for line managers to follow when a substantive vacancy arises.

45 The Interchange Scheme is a network for member organisations to share information and people across public, private, voluntary and social economy sectors in Northern Ireland with a view to improving business performance.

46 We have not considered the use of consultants in the service as, per NICS guidance (FD (DoF) 07/12 revised October 2017), consultants should only be used to provide advice and identify options for a one-off task or project. Consultancy should be specific and finite. It should not be used to address capacity shortfalls. Likewise, we have not considered the use of managed services in the NICS as there has been a strategic decision by departmental management to contract out these services to the private sector or other external providers best placed to deliver the work.

## Part Three:

### Significant work is needed to address NICS capacity gaps

- 3.14 **Case Study 1** illustrates how the NICTS, an executive agency<sup>47</sup> of the DoJ, has through necessity used temporary staffing solutions to maintain its core business functions. Based on our stakeholder engagement, it usefully portrays the ‘firefighting’ approach that some central government organisations are currently using.

#### Case Study 1

##### Northern Ireland Courts and Tribunals Service (NICTS)

Difficulties in recruiting and retaining staff have resulted in rising vacancies in both general service posts and specialisms including legal advisors, accountants and project delivery. The NICTS has therefore had to use a range of temporary staffing solutions in recent years, most significantly temporary promotions which have increased by 123 per cent in the three years to March 2019. At this date, 58 staff were temporarily promoted in the NICTS, equating to just over 8 per cent of its workforce.

These measures have enabled the NICTS to maintain essential court business but the staffing pressures have still continued to impact negatively on the implementation of its longer-term Modernisation Programme. Tasks have been reprioritised and some projects postponed, including the Probate and Income Channel Shift initiatives<sup>48</sup>, which could potentially undermine the realisation of longer term benefits.

Staffing pressures still exist within the NICTS, in particular:

- a vacancy rate of 13 per cent, despite staff in post numbers actually increasing by 45 in the three years to March 2019;
- high staff turnover for various reasons; and
- training pressures due to a lack of continuity of staff and knowledge transfer.

The NICTS and NICSHR are working closely to address the organisation’s recruitment and retention issues.

<sup>47</sup> An executive agency in Northern Ireland is a part of a government department that performs the Northern Ireland Executive’s functions but that is treated and managed separately and manages its own budget.

<sup>48</sup> The NICTS has established a Modernisation Programme to provide a framework to enable the delivery of a number of change programmes and projects intended to modernise courts and tribunals services in Northern Ireland. The Service Redesign is a work stream within the overall Programme and seeks to review how the NICTS transacts with the user, typically the citizen. Within the programme, Probate and Income Channel Shift initiatives are pilot projects that seek to redesign and digitise non-contentious probate and review existing payment channels with a view towards enhancing the online provision to the citizen.

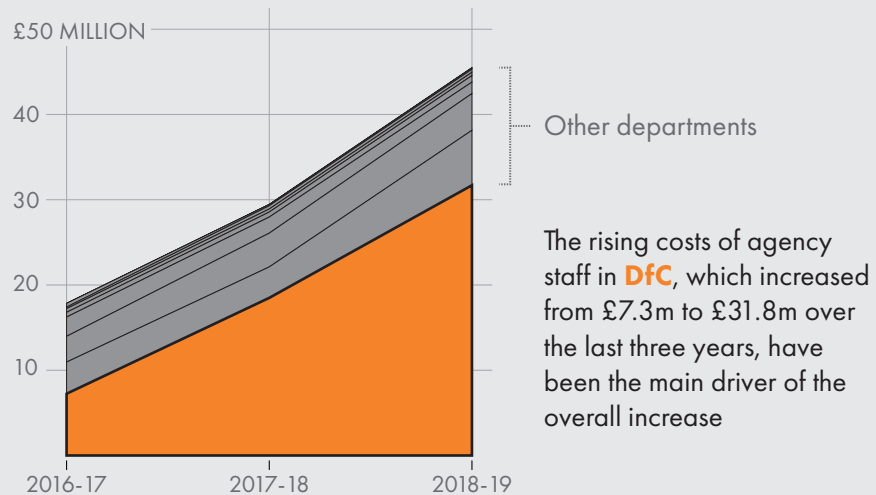
## Agency staff

- 3.15 Our report in 2016 on the Northern Ireland Public Sector VES found that there had been some increases in expenditure on agency staff and consultancy following the implementation of VES. It advised that ongoing monitoring of staff costs could help identify where reductions achieved by VES on pay bill expenditure was being displaced into agency or consultancy expenditure.
- 3.16 Since then, reliance on agency staff in some areas has continued to increase across the NICS. The number of agency staff working in the NICS departments has increased by 100 per cent, from 1,047 to 2,099 between March 2017 and March 2019. Approximately 50 per cent of these are linked to an increase in Department for Work and Pensions (DWP) benefit processing work being undertaken by the DfC. It is important to note that the cost of this work does not fall to the NICS but to DWP. This increase in the number of agency staff saw total agency costs for the period<sup>49</sup> increase by 155 per cent, from £17.9 million to £45.7 million (**Figure 6**).

### Figure 6. Agency staff costs have increased by 155 per cent since 2016-17

Total expenditure on agency staff across all NICS departments increased from £17.9m in 2016-17 to £45.7m in 2018-19

TOTAL EXPENDITURE BY ALL DEPARTMENTS:



Note: Full cost and agency staff number figures for all departments are included at Appendix 6. Figures prior to the creation of the new departments in 2016-17 were not available.

Source: NICS departments

49 Agency costs in Figure 6 reflect the direct salary rates paid to agency staff. The figures do not include indirect or non-quantifiable costs which arise from the appointment of agency staff, for example, fees to agency staff providers and loss of productivity.

## Part Three:

### Significant work is needed to address NICS capacity gaps

- 3.17 In addition, the current agency worker framework<sup>50</sup>, which includes provision for both generalist and specialist roles, has exceeded its envisaged cost limit of £105 million by £48 million (46 per cent)<sup>51</sup>. Agency staff have mainly been used to fill 'capacity' gaps across junior general service grades. However, seven of the nine departments also acknowledged using agency staff over the last three years to meet 'capability' needs, including filling specialist roles such as legal posts, accountants, statisticians, valuers and auditors. Information was not available to determine the proportion of vacancies (paragraph 3.8) filled through agency staff.
- 3.18 The agency worker framework should only be used to fill short term vacancies required for urgent business needs that cannot be met in any other way. It should not be used to fill posts for indefinite periods, as this would indicate the work on which agency staff are engaged is not temporary and should, therefore, be filled substantively (e.g. by fixed term or permanent recruitment). Our review of the NICS workforce and pay-bill monitoring report at March 2019 highlighted that approximately 70 per cent of all agency workers were covering permanent, non-temporary positions. Although agency workers are broadly paid the same salary rates as NICS staff, departments incur additional contractual costs in fees payable to agency providers. Indirect costs also arise with administering the process, exacerbated by high rates of attrition, as well as non-quantifiable costs, including lost productivity whilst new workers are trained and upskilled. In our view, the high reliance on these arrangements is unlikely to be providing the NICS with value for money.
- 3.19 An NICS-wide analysis of the average length of time in post for agency workers was not available to inform our review. However, information provided by five departments indicated they had employed agency staff for greater than twelve months. In DoF and DAERA, 29 per cent of agency workers (75 and 38 respectively) had been in post greater than twelve months.
- 3.20 To address permanent workforce shortages at junior but also middle management levels, and reduce reliance on agency workers, the NICS has recently sought to address the clear staffing shortfalls by undertaking large scale open recruitment competitions for the AO, Staff Officer (SO) and DP grades. These competitions are ongoing and aim to attract approximately 1,400 permanent recruits (subject to final confirmation of needs from departments).

50 The current agency worker framework is an agreement with a number of contractors to provide agency workers to the NICS departments, agencies and non-departmental public bodies and other participating bodies and was set up for the period 6 December 2016 until 5 December 2020.

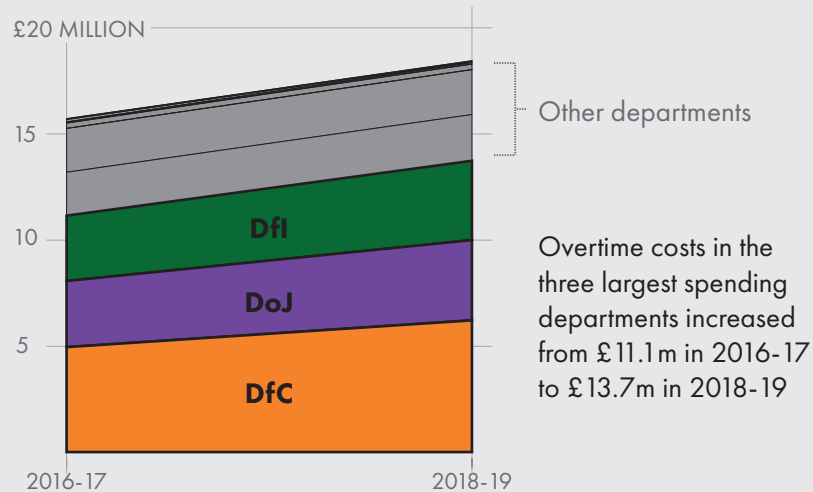
51 As at August 2020. The NICS told us that the departments, executive agencies and non-departmental public bodies are not the only public bodies to access the framework and other organisations' use have also impacted on the actual versus estimated spend.

## Overtime

- 3.21 As well as being increasingly reliant on agency staff, overtime costs across the NICS departments have also risen by 17.4 per cent, from £15.6 million in 2016-17 to £18.4 million in 2018-19 (**Figure 7**).

**Figure 7. Staff overtime costs have increased by 17 per cent since 2016-17**  
Around three quarters of total overtime costs across the NICS are incurred in DfC, DoJ and DfI.

TOTAL EXPENDITURE BY ALL DEPARTMENTS:



Note: Full overtime cost details for all departments are included at Appendix 7. Figures prior to the creation of the new departments in 2016-17 were not available.

Source: NICS departments

- 3.22 Whilst the figures are modest in terms of overall NICS staffing costs, overtime should again only be a short term solution to capacity issues. Prolonged use of overtime can have wider negative impacts on employee health and wellbeing, work-life balance, morale, productivity and absenteeism. It therefore needs to be kept under scrutiny.

## Temporary promotions

- 3.23 Temporary promotion<sup>52</sup> of internal staff to cover vacant posts or staff absence is another option used by the NICS departments to manage workforce gaps and deliver their operational objectives. Although the annual cost of NICS temporary promotions was unavailable, data was provided by NICS HR on the number of staff temporarily promoted over the last five

52 Temporary promotion, in contrast to deputising which is a short-term arrangement lasting less than one month, provides cover for longer periods up to 51 weeks, to address leave such as maternity leave or to work on specific projects.

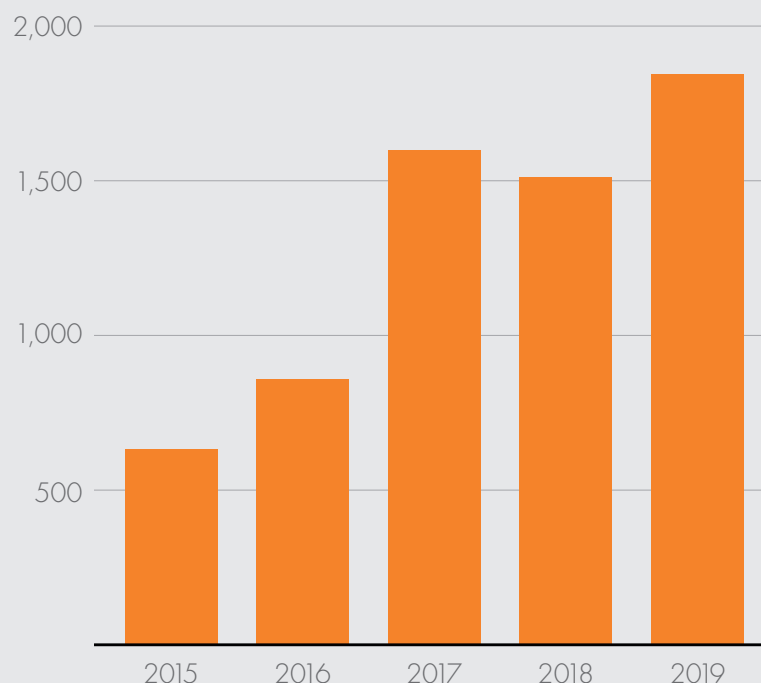
## Part Three:

### Significant work is needed to address NICS capacity gaps

years. Across the NICS, the overall number of temporary promotions has increased by 192 per cent between 2015 and 2019, from 631 to 1,844 (**Figure 8**). In 2019, this equated to 8.2 per cent of the overall NICS workforce. Of the vacancies reported at paragraph 3.8, approximately 50 per cent were filled through the use of temporary promotion.

**Figure 8. The use of temporary promotions has increased by 192 per cent between 2015 and 2019**

NUMBER OF STAFF TEMPORARILY PROMOTED AT 31 ST MARCH:



Note: The figures reported relate to Headcount staff numbers. The trend measured by FTE is not shown but is broadly the same as the Headcount trend illustrated. An analysis of temporary promotion numbers for all departments is included at Appendix 8.

Source: NICSHR

- 3.24 Temporary promotions have increased in seven of the nine NICS departments since restructuring in May 2016. The DoH has recorded an increase of 90 per cent in this period. This is mainly because transformation projects needed to be progressed within a limited timeframe to utilise available funding. The Department acknowledges that having approximately one fifth of its existing staff temporarily promoted is untenable.
- 3.25 At March 2019 approximately 65 per cent of temporary promotions were covering vacancies at the SO grade and below. Alongside the high reliance on agency staff, this shows considerable capacity gaps at more junior grades.



- 3.26 However, vacancies at more senior grades are also being filled by temporary promotions. Across the departments at March 2019, just over 20 per cent of all Grade 6 staff were temporarily promoted into post, along with just under 20 per cent of Grade 7 posts. These grades currently have the highest ratios of temporary promotions.
- 3.27 When a member of staff is temporarily promoted to cover a higher grade, they are expected to be sufficiently competent to take on the designated duties and responsibilities. In other words the person should be fitted for promotion to the grade into which they are to act up, even when their ability may not have been fully tested through a substantive recruitment process.
- 3.28 The NICS Staff Handbook suggests using a formal appointment process when awarding temporary promotions, but this is not mandatory. In addition, except for very exceptional circumstances, temporary promotions should not last longer than twelve months. **Figure 9** clearly illustrates that this expectation is not being met. Information provided in departmental reports<sup>53</sup> dated April 2019 showed 571 postings lasting greater than twelve months, which was almost a third of all temporary promotions at that time. In addition, all six of the departments which provided draft workforce plans to us had temporary promotions lasting in excess of four years.

**Figure 9. At April 2019, all departments had existing temporary promotions in place that had lasted longer than twelve months**

At this time, almost one third of current temporary promotions across the entire NICS had lasted longer than the NICS Handbook limit of 12 months for non-exceptional circumstances.

DEPARTMENT	NUMBER OF TEMPORARY PROMOTIONS			% LONGER THAN 12 MONTHS
	UNDER 6 MONTHS	6-12 MONTHS	OVER 12 MONTHS	
DfI	59	35	73	44
DoF	136	44	89	33
DoJ	89	52	68	33
DAERA	122	68	88	32
DfC	254	182	190	30
DE	25	8	13	28
DfE	75	41	31	21
TEO	12	10	6	21
DoH	50	11	13	18
<b>TOTAL</b>	<b>822</b>	<b>451</b>	<b>571</b>	<b>31</b>

Note: The figures reported relate to Headcount staff numbers  
Source: NICS departments

## Part Three:

### Significant work is needed to address NICS capacity gaps

- 3.29 The lack of a mandatory, formal appointment process, and the longevity of a significant number of temporary promotions within the NICS, is substantially increasing the risk of not placing the right people in the right posts at the right time.

### Departmental workforce plans remain in development and there is no overall NICS plan

- 3.30 Effective workforce planning is a prerequisite for having the right number of staff with the right skills. Assumptions need to be reviewed regularly and revised to reflect changes in business needs and operational objectives.
- 3.31 Currently, all nine NICS departments have raised workforce planning or staff resourcing as a corporate risk, which ensures the matter receives strategic oversight. Some departments have also introduced board committees to try to ensure the effective and efficient deployment of resources.
- 3.32 Despite this, a formal and overarching NICS-wide workforce plan has not been developed. Prior to 2019-20, five of the nine NICS departments did not have operational workforce plans in place. This includes DoF which has central responsibility for overseeing the effective and efficient use of resources across the NICS. DoF acknowledged to us its workforce planning processes were 'poor'. Overall, six of the nine departments acknowledged their workforce planning required some form of improvement.
- 3.33 In 2019, after endorsement by the NICS Board and to support departments with their workforce planning, NICSHR developed and introduced a new workforce planning template for the period 2019-2022. The template introduces a consistent approach to departmental workforce planning and establishes a baseline headcount position enabling departments to forecast staffing requirements for the period. Although six departments have progressed work on the template, three departments (DE, DfC and DfI) were unable to provide us with a draft workforce plan. This hampers the development of workforce planning, not only at departmental level but NICS-wide. Further work is therefore required.
- 3.34 The new workforce planning template collects workforce data on staff numbers, but it does not capture robust information on skills and experience, which would help identify capability gaps. Capability is considered further in **Part Four**. The NICS told us that establishing this headcount baseline is a key building block of effective workforce planning and will, in time, facilitate and enable further work on the identification of the functional skills that NICS departments require to deliver future government projects or programmes and allow NICSHR to collate an NICS-wide workforce plan.
-

- 3.35 NICSHR's efforts to drive and encourage a more strategic workforce planning approach in the NICS are welcomed, but the process is still at a relatively early stage. To further enhance workforce planning, departments need to:
- undertake reviews of their total staffing costs, including the full costs associated with all temporary staffing solutions. This will better enable departments to set informed and realistic staff budgets and baselines;
  - assess the impact of alternative working patterns<sup>54</sup> on workforce plans. Line management throughout the NICS currently authorises staff requests to work alternative patterns, but with limited strategic oversight of how this impacts on workforce capacity. In 2018-19 almost 27 per cent of the NICS workforce by headcount<sup>55</sup> worked alternative patterns. The DfC has the highest percentage at 32 per cent. Three of the nine departments told us that flexible working now poses problems for the operational delivery of their business, and the DfC indicated that any further requests for flexible working would be difficult to accommodate;
  - consider the effect of partial retiree patterns on workforce plans. Included within the figures for alternative working patterns referenced above, almost 6 per cent of the NICS workforce by headcount were partial retirees in 2018-19. The DfC has the highest percentage at 8 per cent;
  - use accurate and complete data. Three of the nine NICS departments have acknowledged this is currently not the case; and
  - begin succession planning for a range of age-related retirements.

## The NICS should plan for substantial numbers of NICS retirements

- 3.36 Monitoring age profiles at both grade and departmental level also helps inform workforce and succession planning. However, recent evidence suggests the NICS has not afforded these areas sufficient attention from a strategic or long term perspective.
- 3.37 **Figure 10** shows the age profile from 2015 to 2019. At March 2019, only 88 NICS staff members (0.4 per cent of the workforce) were under the age of 25 years. Although not directly comparable, 13 per cent of staff in the GB Civil Service<sup>56</sup> are under the age of 30 years. This under-representation of younger staff in the NICS workforce has been steadily rising over the last five years.
- 3.38 In contrast, almost 10,200 NICS staff (approximately 45 per cent) were aged over 50 years, compared to 40 per cent in the GB Civil Service.
- 3.39 This imbalance is extremely concerning but not surprising given the embargo on external recruitment in the NICS between November 2014 and April 2016 and subsequent pressures on budgets (paragraph 2.8).

54 Alternative working patterns are those hours that vary or deviate from standard working hours. In the past for the NICS this would have largely been from 9am to 5pm. In the modern NICS however, there are a wide range of 'flexible working' patterns available to staff. They include reduced hours, compressed hours and term time hours.

55 Excluding the Northern Ireland Prison Service (NIPS)

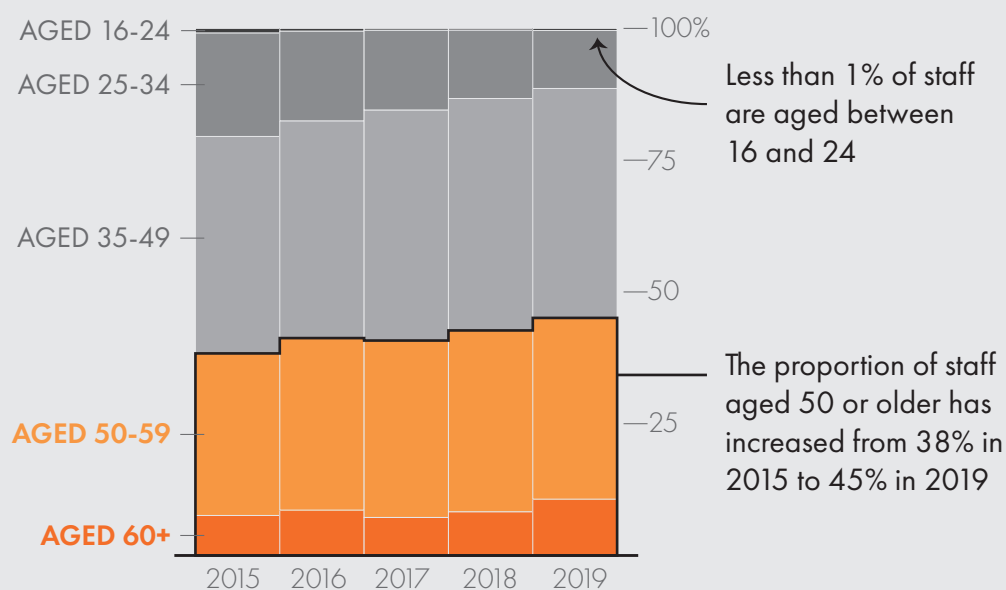
56 *Civil Service Statistics UK*, Office for National Statistics, 31 March 2018

## Part Three:

Significant work is needed to address NICS capacity gaps

**Figure 10. There has been a consistent increase in the proportion of the NICS workforce aged 50 or greater**

% OF THE WORKFORCE AT 31<sup>st</sup> MARCH:



Note: The figures reported are for 31<sup>st</sup> March for each year.

Source: NIAO, based on HR Connect data

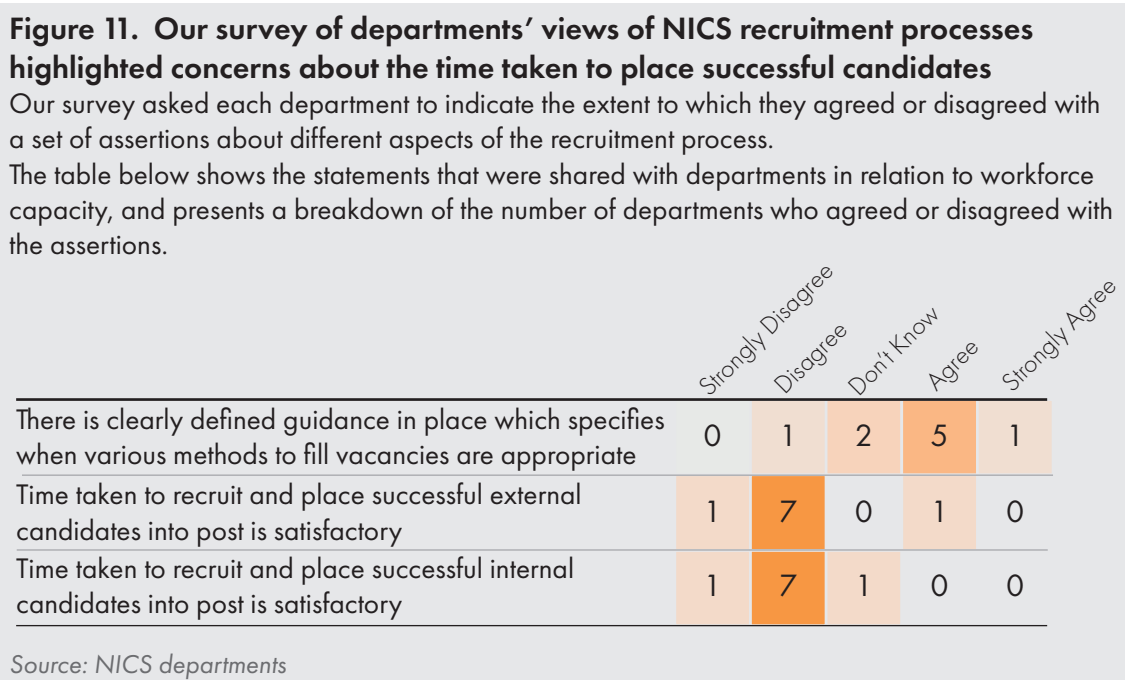
- 3.40 At workforce grade level, the situation is particularly acute in the SCS, with over 80 per cent of staff aged over 50 years. Middle management grades from SO to Grade 6 also present a concern, with 50 per cent to 72 per cent of staff respectively being over 50 years. The number of potential retirements over the next ten years, coupled with the level of temporary promotions at these grades (paragraph 3.26), present inevitable challenges for the NICS and further highlight the need for improved workforce and succession planning. In addition, over 61 per cent of the Industrial workforce is aged over 50 years.
- 3.41 The staffing age profile also requires attention in some individual NICS departments (**Appendix 5**). Whilst DoF has the best balanced workforce in terms of age, with just over a third of its staff above 50 years, more than half the workforce is aged over 50 years in four other departments (DE, DOH, DfI and TEO). The DE has the most obvious need for workforce and succession planning, with 55 per cent of staff aged over 50 years. There are shorter term challenges in both the DfI and TEO, where more than 14 per cent of their workforce is already over the

recognised pension scheme age<sup>57</sup> of 60 years. As a larger department, the DfI currently has 452 staff aged 60 years or over. However, we recognise that recent external recruitment competitions in 2019 and 2020, which ultimately intend to appoint approximately 1,400 staff to the AO, SO and DP grades along with work to expand NICS apprentices, will contribute to rebalancing the workforce age profile.

- 3.42 If the NICS is to succeed in building workforce capacity to address vacancy management, the use of temporary staffing solutions and the NICS age profile, further external recruitment activity in the foreseeable future will be necessary.

### Significant scope exists to improve NICS recruitment procedures

- 3.43 The NICS departments told us that significant scope exists for improving the effectiveness of current NICS recruitment processes. **Figure 11** summarises the views expressed by departments.



### The NICS has struggled to accurately estimate demand for recruitment competitions and the overall process is too lengthy

- 3.44 Since the recruitment embargo ended in April 2016, a significant number of external recruitment competitions have been held across the NICS (**Figure 12**). In 2016, 48 competitions were held. This increased to 109 in 2019.

<sup>57</sup> The normal pension age is the age whereby members can access, without deduction, their pension benefits on the longer established classic, classic plus and premium schemes.

## Part Three:

### Significant work is needed to address NICS capacity gaps

**Figure 12. The number of external NICS recruitment competitions has been increasing**

DEPARTMENT	NUMBER OF RECRUITMENT COMPETITIONS IN YEAR <sup>1</sup>			
	2016	2017	2018	2019
DAERA	9	13	24	26
DoF	12	26	16	27
DfC	2	4	9	11
DoJ	5	10	19	12
DfI	5	13	8	12
Corporate competitions <sup>2</sup>	5	9	8	10
DoH	3	6	7	5
TEO	2	1	2	3
DfE	1	2	4	2
DE	4	0	2	1
<b>TOTAL</b>	<b>48</b>	<b>84</b>	<b>99</b>	<b>109</b>

<sup>1</sup> The figures above do not include the range of elective transfer and internal competitions that NICS HR instructed HR Connect to undertake during the period.

<sup>2</sup> Corporate competitions are those that look to secure resources for all of the NICS departments

Source: NISRA

3.45 Given our observations that further recruitment to the NICS is likely (paragraph 3.42), the processes around this must be fit for purpose and able to effectively meet demand.

3.46 Our engagement with stakeholders highlighted weaknesses with:

- NICS departments underestimating required staff numbers. This results in insufficient recruitment competitions being held and appointment lists being exhausted quickly, often before demand is fully met. In four of the six draft 2019-22 departmental workforce plans we reviewed, supply for various general service staffing grades had been exhausted; and
- the process being largely reactive, with vacancies sometimes not notified by line management until a competition is launched, and suggestions that manipulation or “gaming” of appointment lists<sup>58</sup> also takes place.

3.47 Seven of the nine departments disagreed with the statement that “time taken to recruit and assign successful internal or external candidates to a post is satisfactory”, with one strongly disagreeing (Figure 11). In 2018, NICS HR engaged with stakeholders on a variety of issues, including the length of time taken to complete recruitment competitions. It highlighted delays

<sup>58</sup> Manipulation or “gaming” in this context is the practice of not declaring a vacancy in a business area until a desired individual appears on an appointment list.

in the process, finding that it could take up to twenty weeks, and sometimes even longer, to identify successful candidates. This did not include time taken to appoint them to a post. Our own stakeholder discussions further confirmed concerns around this area, highlighting an external recruitment exercise for Assistant Statistician which took approximately ten months from the business case being completed until the first successful candidates took up post. NICSHR told us this recruitment exercise took longer than anticipated as interviews were scheduled over a longer period than normal to accommodate graduate applicants, and NISRA experienced delays getting funding and headcount approvals. NICSHR have also informed us of improvements made in parts of the overall process in recent external competitions. However, we have been unable to critically evaluate how these have impacted on the length of time taken to place successful candidates in post due to the effect Covid-19 has had on finalising these competitions.

3.48 Lengthy recruitment processes can result in:

- lower number and quality of candidates (especially if application forms and processes are lengthy or overly arduous);
- preferred candidates with multiple offers sometimes choosing other positions that offer better terms and conditions of employment;
- candidates potentially forming negative views of the NICS, making it harder to recruit in the future; and
- staffing needs changing by the time the process is completed.

3.49 Given the importance of this area in helping the NICS maximise its workforce capacity, we are surprised information is not collated on how long it takes to complete recruitment competitions and that targets have not been set to monitor performance. Under these current circumstances, no incentive exists to drive improvement in performance. We are also surprised that recruitment is not a continuous activity for certain grades in an organisation the size of the NICS as this would help with the continuous supply of staff (paragraph 3.46).

3.50 This part of the report identifies a range of issues which require attention to better align NICS capacity with operational requirements. To achieve this, work and significant investment will be required to improve relevant processes and functions, and transformation will need to be delivered at a steady pace to enable timely progress. However, if the NICS can successfully address key strategic issues, such as reducing sickness absence, substantively filling vacancies, and improving its workforce planning and recruitment processes, this will help build a more sustainable workforce and reduce reliance on temporary staffing solutions. Making these necessary improvements will then allow the NICS to focus more on the skills, performance and capability of staff.

3.51 **Part Four** deals with capability in the NICS.

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## Part Four:

A strong focus is required on building NICS workforce capability

### Recruitment processes should focus on candidates' skills and experience to better target the right people for the right posts

- 4.1 In **Part Three**, we highlighted current limitations associated with the NICS recruitment process for building workforce capacity. However, getting recruitment right is also fundamental to building workforce **capability**.
- 4.2 Currently, the NICS recruitment process is largely based around a generic competency framework, which assesses candidates and appoints them to various professional and technical roles or to a general service grade which carries various responsibilities across areas including policy, project management and service delivery. This competency based approach is used for external recruitment competitions (which internal candidates can apply for), internal promotion boards, trawls, and elective transfers<sup>59</sup>. On completion of the process, candidates are scored and placed in rank order for promotion or appointment to the next vacant position. A 'merit list' may also be created, with candidates being 'used to fill vacancies which arise over the lifetime of this list.'
- 4.3 Specialist, professional and technical posts and the majority of SCS posts are recruited to a specific role, but the recruitment and selection process for most NICS posts allows for recruitment on a generic basis to roles within grades. Processes can include testing of skills and experience through selection methodologies such as psychometric tests, assessment centres and interviews, but the majority of recruitment to general roles within grades until recently only utilised the interview method. This does not in our view adequately assess or consider how the specific skills or experience of candidates match the particular needs or requirements of the positions to which they are being recruited. Only three of the nine departments consider that 'recruiting to grades (instead of specific posts) was working well'. Of the nine NICS departments, seven agree that policy, project management, commercial and contract management and asset management positions, currently filled by general service staff, 'would be better addressed if NICS competitions targeted candidates with specific experience and skills' (**Figure 13**).
- 4.4 Since 2018 the GB Civil Service has deployed a 'Success Profile' model where the strengths, abilities, experience, technical skills and behaviours of candidates are also tested alongside competencies, to try to provide a more rounded picture of strengths and weaknesses. Given the departmental feedback on current arrangements (**Figure 13**), we consider the NICS should progress, as a matter of priority, its plan to assess the benefits of adopting recruitment arrangements similar to the 'Success Profile' model. We understand that the NICS 2019 recruitment competition to fill SO and DP vacancies used a combination of selection methodologies including on-line psychometric tests, assessment centres and a competency-based interview. This is welcomed.

<sup>59</sup> A trawl is a service wide competition for a specific post which requires specific skills or aptitudes whilst an elective transfer is a general service sideways move from one NICS department to another.

**Figure 13. Our survey of departments' views of NICS recruitment processes highlighted that skills gaps would be better addressed if NICS competitions targeted candidates with specific experience and skills**

Our survey asked each department to indicate the extent to which they agreed or disagreed with a set of assertions about different aspects of the recruitment process.

The table below shows the statements that were shared with departments in relation to workforce capability, and presents a breakdown of the number of departments who agreed or disagreed with the assertions.

	Strongly Disagree	Disagree	Don't Know	Agree	Strongly Agree
The current process of recruiting/promoting to grades for NICS competitions works well	0	4	2	3	0
Skills gaps would be better addressed if NICS competitions targeted candidates with specific experience and skills	0	1	1	7	0

Source: NICS departments

- 4.5 Alongside this, an increased focus is required on matching skills and relevant experience of candidates with the specific requirements of vacant posts, to provide greater assurance that the right people are appointed. The NICS 2019 recruitment competition referenced above (paragraph 4.4) also introduced a process to match the background of successful candidates with relevant posts. However, such an approach has not yet been formally adopted across the NICS recruitment processes.
- 4.6 In view of this, and the need to ensure timelier recruitment and appointment outcomes (paragraphs 3.44 – 3.49), the current position does not guarantee the placement of the right people in the right posts at the right time. We therefore consider a 'root and branch' review of recruitment processes is necessary. While we acknowledge this will be challenging, especially in light of exiting the EU and responding to the Covid-19 pandemic, we believe this must be prioritised along with workforce planning.
- 4.7 The report of the RHI Inquiry (at Recommendation 8) also concluded that significant changes were required to place people with appropriate skills in the posts which required these, stating that:

*"A fundamental shift is needed in the approach used within the NICS with regard to recruitment and selection for government jobs. This 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. In time the Inquiry believes this should lead towards more job-specific recruitment and selection which must, of course, be fair, transparent and consistent with relevant employment legislation."*

## Part Four:

### A strong focus is required on building NICS workforce capability

- 4.8 The Civil Service Commissioners have the important role of regulating all open competition appointments made to the NICS to ensure that recruitments are fair and merit based. The Commissioners also consider and determine appeals made by existing civil servants under the NICS Code of Ethics. We met with the Commissioners and they emphasised how their role is defined in statute. We also met with the GB First Civil Service Commissioner and noted the approach to their role in protecting the integrity of processes and supporting upskilling. We, and NICSHR, consider the Commissioners are well placed to work in conjunction with the NICS to help ensure more timely completion of recruitment competitions and to assist with the development of a more job-specific recruitment approach, aimed at aligning skills and experience with appropriate posts. Taking account of how other recruitment models operate, the NICS working in partnership with the Commissioners should achieve progress in these areas.

### The GB Civil Service has job roles in place and has progressively been developing key functional skill sets

- 4.9 Over the last decade, the GB Civil Service has progressively applied a greater focus on widening and enhancing its workforce skills base<sup>60</sup>. In addition to the existing professional and technical skills within its workforce<sup>61</sup>, which would broadly align with those in the NICS professions (**Appendix 2**), and having moved to a job roles approach, it formally identified eleven functional skill sets<sup>62</sup> in 2012 ('functions') as being key to the successful delivery of public services in a modern business environment (**Figure 14**).

**Figure 14 – The GB Civil Service Functions 2012**

Functions	
Commercial	Human Resources
Communications	Internal Audit
Corporate finance	Legal
Digital, data and technology	Project Delivery
Finance	Property
Fraud, error, debt and grants	

Source: NIAO

60 *Civil Service Reform Plan*, Cabinet Office, June 2012

61 Professional and technical skills are the demonstration of specific knowledge within the business environment, or qualifications, for example, accountancy, economists, etc.

62 Functional skills differ from the professional and technical skills that currently exist within NICS. They are particularly relevant to delivering public services in a modern business environment and include many specialist activities currently carried out by NICS general service staff, including project management, contract management and service delivery.

- 4.10 These were formally introduced in the GB Civil Service in 2013 and since then it has, through substantial restructuring and recruitment initiatives, worked to embed these functions into its workforce, both at departmental level and on a cross governmental basis. To drive this key change management process and attract the requisite staff, it has established professional entry standards, formal career pathways and talent progression pipelines.
- 4.11 Securing some of the functional skill sets has not been straightforward. For example:
- A GB Civil Service Reform Progress Report published in 2014<sup>63</sup> found ongoing skill gaps in the digital technology, project management and commercial and contract management functions.
  - In 2017, the National Audit Office (NAO)<sup>64</sup> concluded that until the GB Civil Service addressed functional skills gaps both within departments and in its cross departmental functions, its workforce would remain incapable of meeting the challenges of modern government. The GB Civil Service has subsequently sought to address workforce gaps by introducing two new functions ('Government Security' and 'Analysis'<sup>65</sup>), by reorganising the previous fraud, error, debt and grants functions into three units ('Counter Fraud', 'Debt'<sup>66</sup> and 'Grant Management'), and through consolidating the 'Corporate Finance' and 'Finance' functions into a single function.
- 4.12 The work which has now been ongoing for eight years across the GB Civil Service has resulted in it strengthening its capability to variable degrees across the targeted functions.

## The NICS has not adequately identified the skills and experience base of its current workforce nor the requirements for delivering future PfGs

- 4.13 We found little evidence that the NICS has adequately identified the importance of functional skills, the range of functional skills, knowledge and experience which its workforce already possesses, or its requirements for successfully delivering future PfGs.
- 4.14 Over the last three years, four NICS departments (DAERA, DfE, DoF and DoH) have undertaken varying forms of 'skills audits'<sup>67</sup>, providing them with some knowledge of their workforce skill sets and enabling them to identify key gaps. However, the other five departments, which account for 64 per cent of the NICS workforce, have not undertaken this analysis. Without this work, it has not been possible to develop a central database of the functional skills,

63 *Civil Service Reform Progress Report*, Cabinet Office, October 2014

64 *Capability in the Civil Service*, NAO, March 2017

65 The Government Security function aims to build the capacity and capability of security professionals across UK government departments, covering physical, human and information security. The Analysis function aims to build a community of data analysts which integrates analytical techniques and scientific methods to better support government decision making.

66 The Debt function aims to create a more consistent, strategic approach to debt management across UK government departments.

67 A skills audit maps out the skills and expertise of a workforce, helps employers assess if their workforces possess the right skills mix, and identifies any skills gaps.

## Part Four:

### A strong focus is required on building NICS workforce capability

knowledge and experience of individual NICS employees. This makes it difficult for NICS departments to assess whether staff are currently being utilised in areas that best match their abilities, particularly general service staff who comprise approximately two thirds of the NICS workforce, or to carry out any cross departmental analysis. Positively, some NICS professions have undertaken skills audits. In response to our report on Digital Transformation<sup>68</sup>, the Digital Shared Services unit in DoF (currently part of the Information and Communication Technology (ICT) profession) completed a cross-cutting digital skills and capability research report<sup>69</sup>, after consulting with staff across all nine departments. This resulted in six skills based recommendations for the NICS departments and the NICS Board to consider.

- 4.15 Despite the absence of a database in relation to functional skills, knowledge and experience, all nine NICS departments told us they had sufficiently skilled workforces to deliver the 2016-2021 PfG. However, all departments also acknowledged their skill sets required further development. Responses from five departments highlighted current skills gaps in specific functional areas (**Figure 15**), with a particular emphasis on programme and project management. This is likely to have been a contributory factor behind the increasing reliance of the NICS on specialist staff deployed by the Strategic Investment Board (SIB). This issue is assessed further in **Part Five**.

**Figure 15: Current skills gaps/requirements identified by NICS departments**

Department	Skills gaps/requirements
DoJ	Business analysts, project management, evidence and research, service re-design, digital staff and accountants.
DE	Education related expertise and project management skills.
DoF and DfI	Project management, people management, policy and commercial skills.
DfC	Operational delivery profession, programme and project management and capital programme management.

Source: NICS departments

- 4.16 In 2017, the Organisation for Economic Co-operation and Development (OECD)<sup>70</sup> highlighted policy, service delivery, commissioning, contracting and managing networks as the functional skills required for a high performing modern civil service. These broadly align with the key priority functions identified by the GB Civil Service. To significantly strengthen its workforce planning, the NICS needs to map its current skills base against future government priorities, and develop an action plan to address any gaps.

68 *Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation*, NIAO, June 2019

69 *NI Public Sector – Digital Skills & Capability Research Report*, DoF

70 *Public Governance Reviews: Skills for a High Performing Civil Service*, OECD, 2017

## The NICS should assess whether its Professions structure can meet its capability and skills requirements

- 4.17 **Appendix 2** outlines the 24 professions which currently exist across the NICS. Data on the number of staff working in many of these professions is not readily available. It is not held centrally on the HR Connect system<sup>71</sup>, nor by all of the individual professions. As available evidence indicates that around two-thirds of the NICS workforce are general service staff (paragraph 4.14), the professions are likely to account for a significant proportion of the remaining workforce.
- 4.18 Each NICS profession is led by a 'Head of Profession' (HoP) who is a member of the SCS. The HoPs are responsible for developing and implementing their own governance structures, including directing business delivery, maintaining professional standards, learning and development and ensuring effective lines of communication between members of the profession.
- 4.19 As part of our stakeholder engagement process, discussions with five HoPs<sup>72</sup> (or their representatives) helped identify a number of key issues, including:
- a lack of clarity among the professions around the contribution the NICS expects from them, with aims and objectives not clearly or consistently defined for all professions;
  - inconsistencies in how the professions are managed. For example, Economists and Statisticians have a centralised recruitment and secondment model, minimum entry standards, formal learning and developing frameworks, and career development options and pathways. Other professions are less well developed/defined and operate more like staff support networks;
  - insufficient time and resources available to HoPs to enable them to manage the professions effectively. Most carry out the role alongside their substantive senior management jobs, which can restrict the time and commitment they can devote to the role. The HoP should be provided with sufficient support and resources to lead and develop the capabilities of the profession, especially for the larger professions or those requiring accelerated development, to meet NICS professional skills demands; and
  - certain NICS professions, such as ICT and Statistics, experience difficulties with staff retention as others, including the internal NICS market<sup>73</sup>, can offer enhanced pay scales and more lucrative terms and conditions. To assist the GB Civil Service improve retention rates, the Cabinet Office introduced flexibilities, including the remit to offer significantly higher salaries for some of its professions and functions. The Cabinet Office itself has flexibility to negotiate enhanced staff salaries, within parameters. In the main, similar arrangements do not exist in the NICS which, in our view, is likely to present the NICS with difficulties in filling key skills gaps, and consequently increase the use of SIB. This

71 The HR Connect system utilises computer software to enable it to act as the first point of contact for staff and line management in the NICS departments on routine HR enquiries, access to HR policies, updates, guidance and forms (**Figure 2**).

72 We engaged with the Veterinary Services, Statisticians, Economists, Policy and ICT professions.

73 Opportunities often exist in the NICS to move from an existing position to a general service grade or to roles in other professions at an enhanced level of pay. We have referred to this as "the internal NICS market".

## Part Four:

### A strong focus is required on building NICS workforce capability

issue is addressed further in **Part Five**. Commenting on remuneration, seven of the NICS departments agreed that recruitment and retention in specialist grades and roles could be aided by improved salary and allowance levels based on market rates, and a further department strongly agreed.

- 4.20 A HoP report in October 2016<sup>74</sup> recognised the diverse nature of professions in scale and scope and the particular challenges with retaining experienced staff. It also acknowledged NICS professions were at various stages of development. The report outlined a range of recommended actions across four main areas: workforce data, communications, professional skills and qualifications, and embedding professional standards in HR processes. The actions were aimed at ensuring the NICS professions would play a supportive role in enabling delivery of a well-led, high performing organisation focused on outcomes.
- 4.21 However, our review found no evidence of any detailed follow-up monitoring by the NICS of progress against these actions, nor has there been any further strategic review or assessment of the effectiveness of the NICS professions structure and its ability to deliver the key supportive role envisaged in the report. The NICS People Strategy 2018-21 has included a commitment to review the professions and HoPs structure and professional requirements to support operational delivery, but this overall review has not yet taken place and the timeline for implementation is being considered alongside other People Strategy priorities.
- 4.22 Review and improvement work has however taken place, for example, in DoF the NI Direct programme team has worked to build up its project and contract management capacity and capability and is currently completing accredited training and development programmes with external training providers. Other teams have drawn on resources available to them in the GB Civil Service. This includes the Digital Transformation team who have established a memorandum of understanding with the Government Digital Service Digital Academy<sup>75</sup> with a view to establishing a suite of learning and development programmes to improve the digital skills of NICS staff. Recognising the importance of commercial and contract management skills to their area of work, the Construction and Procurement Delivery (CPD) unit has worked to draw upon expert resources available in the Cabinet Office's Commercial function, through a piloted use of their recruitment assessment development centres. It has also taken part in the Commercial functions 'Leaders group' which has provided a useful network opportunity for sharing experiences with GB Civil Service counterparts. In addition, the NICS Operational Delivery profession has made progress on a range of areas to support operational delivery in line with the People Strategy commitment on professions in the NICS. The NICS now needs to expand and formalise such best practice as a strategic collective.
- 4.23 All of the departments except the DoJ told us that further efforts are required to develop specific functional skills and job roles in the NICS workforce. Importantly, however, a number of the skill functions which the GB Civil Service has developed (paragraphs 4.9 to 4.12) are not yet formally recognised within the NICS professions structure. These include counter fraud, debt,

<sup>74</sup> NICS Head of Professions – Report on Forward Plans and Leadership Priorities, DoF, October 2016

<sup>75</sup> The Government Digital Service Digital Academy was set up by the Department for Work and Pensions in 2014 in the GB Civil Service to teach public sector professionals the digital skills they need to transform public services



data and digital technology and commercial skills. There is therefore little clarity on whether the professions can currently deliver these specialist skills to the NICS departments. More positively, a project delivery profession is close to being established within the NICS.

- 4.24 Overall, it is important that the professions structure is reviewed by the NICS to assess whether it is properly equipped to provide the capability and skills required to meet its changing requirements. This should include consideration of whether a range of new professions (paragraph 4.23) needs to be established. The development of professional entry standards, formal career pathways and talent progression pipelines for all existing, and any newly created professions, should also be evaluated as part of the NICS work recently started on its functional skills model now embedded within the GB Civil Service (paragraphs 4.9 to 4.12).
- 4.25 The report of the RHI Inquiry also made a recommendation (Recommendation 17) on this issue:

*“The NICS should take steps to draw on best practice from other jurisdictions to provide more support for professions within the civil service. The Inquiry specifically recommends (a) the establishment of a project management profession with a named senior leader and a comprehensive programme of professional development; and (b) the development of improved professional opportunities for finance professionals and for economists within the NICS.”*

## The NICS performance management approach urgently needs to be strengthened

- 4.26 For all major organisations, managing employee performance is crucial to achieving key corporate objectives and delivering quality outcomes. A well-designed performance management system can also serve to motivate staff and help drive increased workforce capability, through identifying and providing learning and development opportunities.
- 4.27 Currently, the NICS performance management system assesses staff performance on an annual basis. It is a continuous process in which line managers and their staff agree team and departmental goals, and an associated personal development plan. Line managers carry out mid-year and end of year reviews to assess contribution to and performance against these agreed goals.
- 4.28 Since 2014, this NICS approach has assessed how staff have performed using two ratings - either a ‘Satisfactory’ rating (Box 1) or an ‘Unsatisfactory’ rating (Box 2). The last available information (for 2017-18<sup>76</sup>) shows that over 19,900 NICS staff who received formal performance assessments (i.e. 99.9 per cent) were awarded ‘Satisfactory’ markings, with only 19 staff (0.1 per cent) assessed as ‘Unsatisfactory’. In addition, over 2,400 NICS staff (almost 11 per cent) did not receive an end of year performance rating (**Figure 16**). Paragraph 4.31 provides a further analysis of this.

<sup>76</sup> The Service Level Agreement between NISRA and NICSHR for 2018-19 did not require the provision of a Performance Management Appraisal Assessment report for the NICS and so this information is not available.

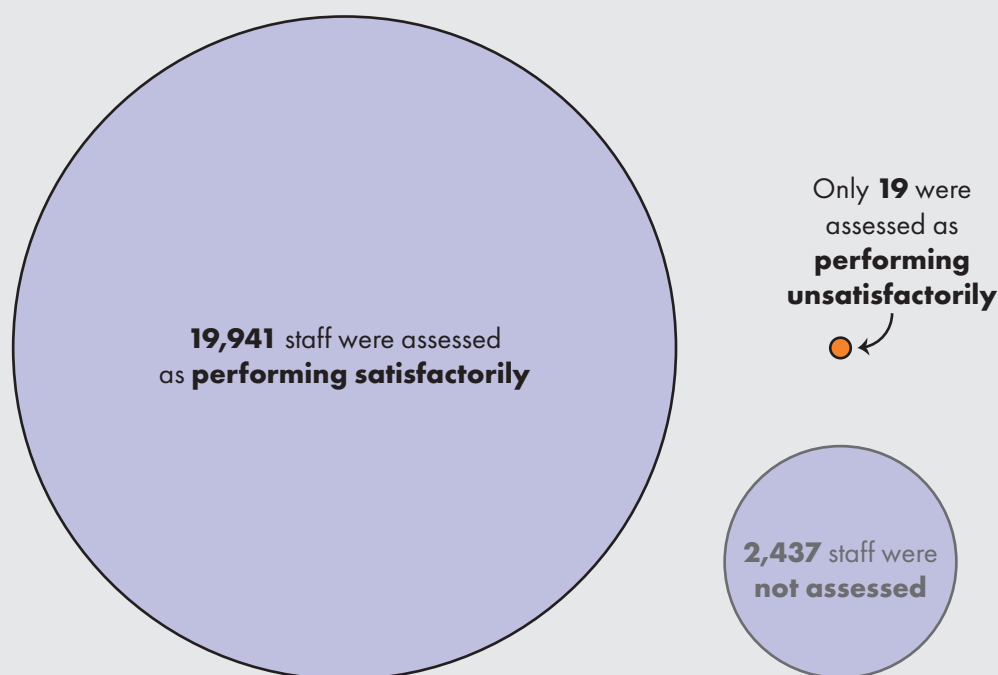
## Part Four:

A strong focus is required on building NICS workforce capability

### Figure 16. Performance management in the NICS

NICS's performance management system assesses performance as either being satisfactory or unsatisfactory. The extremely low volume of cases where staff performance is assessed as unsatisfactory raises questions about the quality of this exercise.

For example, the most recent available data which covers the 2017-18 year shows:



Source: NICSHR

- 4.29 In our view, the high proportion of 'Satisfactory' ratings, alongside the very low number of 'Unsatisfactory' assessments, raises serious concern over the existing NICS approach to managing performance and developing enhanced workforce capability. Only three of the nine NICS departments told us that the current approach assists line management to effectively manage performance.
- 4.30 Departmental responses and wider stakeholder engagement highlighted reservations around both the design of the current NICS performance management approach, and how it is being implemented in practice by managers (Figure 17).

**Figure 17: NICS performance management approach – Departmental and other stakeholder comments**

Design of the approach	Implementation of the approach
<p>“The two box system does not always permit managers to differentiate between levels of performance and cannot therefore be used effectively to encourage improvement and a high performance culture.”</p> <p>“The current process could be further improved if box markings were more nuanced in order to identify staff who, although not currently performing at an unsatisfactory level, are giving their line manager cause for concern about some aspects of their performance.”</p> <p>“The performance management framework has long been identified as an area requiring further work, despite some changes over the years.”</p> <p>“In the first instance 3 boxes may help – exceeds expected targets, meets expected targets, does not meet expected targets – this would allow line managers to recognise outcomes over and above targets, as well as clearly outline when and why individuals do not meet expected targets....what currently happens is that the majority of staff are deemed satisfactory performers – is satisfactory really what we want from ourselves and colleagues?”</p> <p>“We don’t feel this is a useful tool for managing staff as it doesn’t recognise anyone going above and beyond their job specification.”</p>	<p>“In common with all NICS departments, we have a lot of work to do to enable us to use our performance management processes to their full potential.”</p> <p>“The current Performance Management system including the box marking rating system (Satisfactory or Unsatisfactory) should enable line management to effectively manage performance in the NICS – the system is not at fault but rather how it is used by managers.”</p> <p>“We adhere to the NICS-wide Performance Management policy and the Centre for Applied Learning (CAL) has introduced specific pathways for line managers and for performance management. Any procedures are only as effective as the degree to which line managers implement the procedures.”</p>

Source: NICS departments and other stakeholders

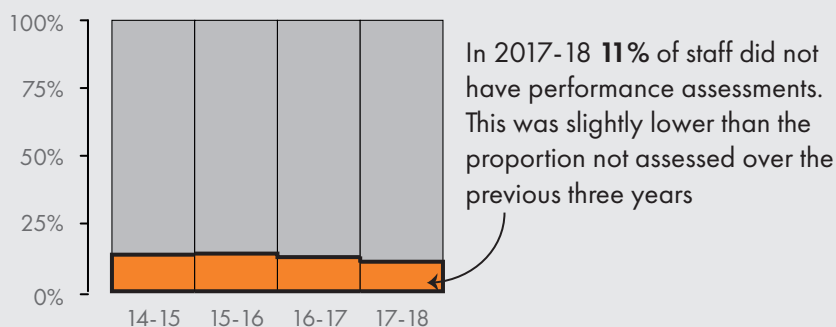
## Part Four:

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- 4.31 As noted at paragraph 4.28, almost 11 per cent of NICS staff did not receive an end of year performance assessment marking in 2017-18, although levels of non-reporting have reduced steadily since 2014-15 (**Figure 18**). Various reasons, including sickness absence, career breaks and maternity leave, mean that end of year performance assessments are not due and NICSHR told us that these reasons accounted for approximately 50 per cent of those who didn't receive an assessment. However, the level of non-reporting for the remainder still remains significant and merits further examination to ensure adequate compliance with the existing policy.

**Figure 18. A substantial proportion of NICS staff are not awarded a performance rating each year**

% OF WORKFORCE WHO DID NOT HAVE PERFORMANCE ASSESSMENT COMPLETED:



Note: The figure for 2018-19 was not available at the time of our audit  
Source: NIAO, based on NICSHR and HR Connect data

- 4.32 Delivering improved performance management processes and associated guidance for staff is a priority action within the NICS People Strategy 2018-2021 and in April 2019, NICSHR issued guidance aimed at clarifying the roles and responsibilities of those involved in its performance management approach, particularly line managers. Whilst this is welcome, we consider the design of the current approach, and most importantly how it is operating in practice, does not sufficiently ensure performance shortcomings are rectified, sustain improved performance over time, or maximise learning and development needs and opportunities.

### There is scope for enhancing NICS learning and development arrangements

- 4.33 A strategy to oversee NICS-wide staff training and development existed from 2010 to 2013<sup>77</sup>, but no updated or revised training and development policy document has been introduced since then. NICSHR told us that the NICS People Strategy 2018-21 is providing an integrated

strategic direction on learning and development. In this respect, the People Strategy includes several important priority actions:

- building the capacity of managers and leaders;
- providing effective tools for managers and leaders, including guidance and training;
- developing new skills in the NICS (including commercial skills);
- building career paths, breadth of experience and depth of expertise;
- developing talent and encouraging innovation; and
- building on existing initiatives (such as Leadership programmes and Apprenticeship schemes).

- 4.34 These are important areas, but the People Strategy alone may not be sufficient to enable the NICS to deliver either business or job related learning and development needs. We believe an over-arching, dedicated learning and development action plan (similar to the NICS Diversity Action Plan which is aligned to the People Strategy) would better help achieve this objective. This aligned plan would provide an enhanced focus on supporting individual career and personal development, identifying key roles, nurturing talent, addressing skill gaps and better aligning training to the NICS's changing needs.
- 4.35 Since 2017, the NICS People Survey<sup>78</sup> has assessed staff attitudes to, and experience of working in, the NICS. The survey mirrors, as closely as possible, a similar annual GB Civil Service survey. Response rates have generally been high (49 per cent to 53 per cent between 2017 and 2019). In 2019, the NICS People Survey recorded staff satisfaction levels at only 45 per cent (compared to 44 per cent in 2018) for learning and development arrangements, which was the third lowest rating of the nine categories surveyed.
- 4.36 Departmental responses to our questionnaire identified inconsistencies in approach to learning and development. While many departments have developed strategies focused around annual staff learning and development plans (to supplement the central learning provided by CAL), some have not. Stakeholder engagement also highlighted the inadequacy of learning and development budgets in some important areas. We were informed that the learning and development budget is £80,000 per annum for approximately 600 NICS ICT staff operating across NICS departments, which equates to just over £130 per member of staff. Such limitations in budgets will restrict staff involvement in participating in any long term, structured training programmes which often require a much greater investment.
- 4.37 The complexities and scale of the NICS mean that the individual departments will have a key role to play in shaping any future overall NICS learning and development plan. A key challenge will be to design processes that closely integrate with learning frameworks within the NICS professions but also allow flexibility for differences in departmental learning and development needs. Addressing this challenge is critical in countering what we consider to have been a significant under-investment in people development over a sustained period.

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78 The NICS People Survey measures the opinions of staff employed by the nine NICS departments, the Health and Safety Executive for Northern Ireland and the PPS.

## Part Four:

A strong focus is required on building NICS workforce capability

### NICS staff have concerns over leadership standards and there is no stand-alone talent management strategy

- 4.38 The development of leaders is fundamental to driving change and improvement. In 2017 and 2018, the lowest staff approval rates in the NICS People Surveys were recorded within the leadership and change management categories, with only 33 per cent of respondents expressing a degree of satisfaction. Although this increased slightly to 34 per cent in 2019, this was still the second lowest score of all categories, ranking only behind pay and benefits (28 per cent). In comparison, the latest GB Civil Service survey found satisfaction ratings for leadership of 47 per cent<sup>79</sup>.
- 4.39 These survey outcomes, and other issues highlighted in this report such as workforce planning arrangements across the NICS (paragraphs 3.30 to 3.35) and longstanding recruitment issues (**Figures 11** and **13**), indicate a particular need to focus on enhancing leadership standards as part of future considerations into how the NICS can enhance its capability. Encouragingly, the 2018 People Strategy recognised that the NICS needs to create space for senior civil servants to challenge themselves, and each other, to move the organisation forward meaningfully.
- 4.40 Leadership is a key theme throughout the 2018-2021 NICS People Strategy and a wide range of leadership development initiatives have been introduced. These include targeted programmes by grade, mentoring and coaching support, bespoke programmes and modules to meet business specific or departmental needs. It is too early to assess their effectiveness in enhancing leadership potential and contributing to sustainable performance improvements at individual, team and organisational levels. Scope exists to introduce other initiatives aimed at strengthening NICS leadership standards. Attracting, retaining and building future talent requires a clear commitment to initiatives such as apprenticeships, graduate and fast-track schemes, not solely for general service grades but also for any new professions, or functions arrangements, underpinned by on-the-job training, mentoring and other support mechanisms. Alongside enhanced and more targeted recruitment procedures, it is important that talent management initiatives are integrated with effective succession planning, performance appraisal, learning and leadership development, and competency management.
- 4.41 While a range of talent management programmes, in particular those relating to future leadership and senior leadership, have recently been implemented or are under review/development, to date the NICS has not developed a stand-alone formal Talent Management Strategy<sup>80</sup>. The GB Civil Service is currently supporting a range of talent management programmes, including those linked to accelerated development, future leadership, senior leadership, and graduate and apprentice fast track streams. While the NICS also has some similar talent management programmes in place, the last general service fast track stream intake to the NICS was in 2014. In 2018, the NICS took the decision to pause its involvement in this fast track stream due to changes in how the GB Civil Service proposed to appoint successful candidates from Northern Ireland. However, work has commenced on restarting such a scheme in the NICS but it is still concerning that there have been no intakes since 2014. While there

79 Civil Service People Survey 2018 – November 2018

80 Talent management is an organisation's commitment to recruit, develop and retain the most talented employees in a labour market.

were external intakes at SO/DP grades in the intervening period, the lack of a general service fast track scheme for this period of time may have limited the opportunity to grow skills and develop future NICS leaders.

- 4.42 More use of graduate schemes, alongside planned apprenticeship schemes and other development initiatives aligned to the delivery of the NICS diversity and inclusion agenda, are essential in ensuring that the NICS has access to the skilled and experienced leaders that it needs now and in the future. The age profile of the SCS (paragraph 3.40) indicates that significant priority needs to be given to succession planning and developing its future leaders. NICS HR told us that it has recognised the need for progress in building a strong future leadership base and that it regards the development of a stand-alone Talent Management Strategy for the NICS as a key priority.
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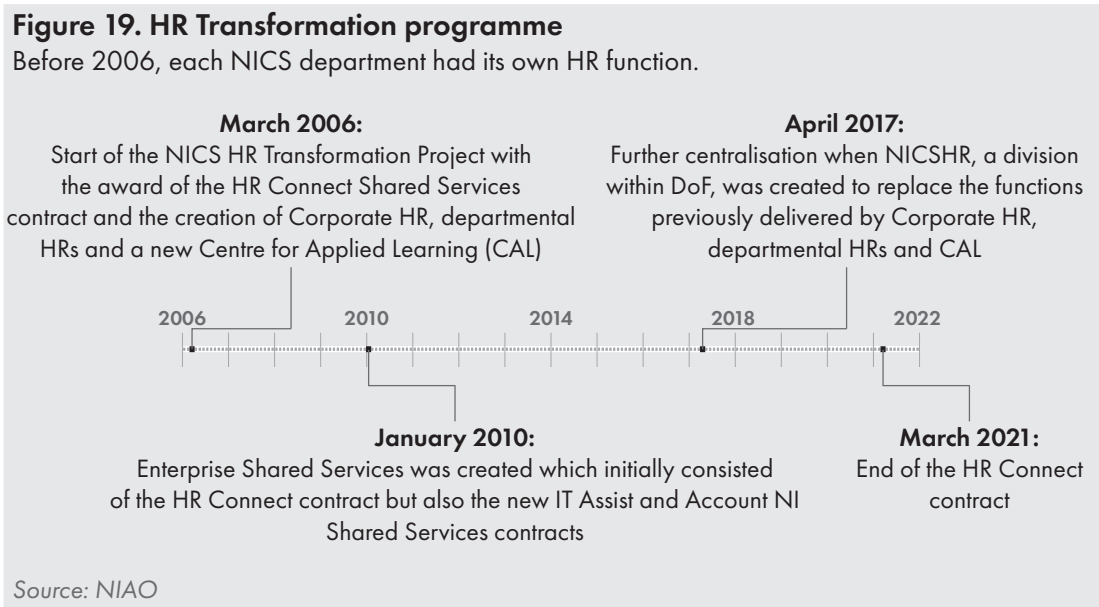
## Part Five:

Despite work to transform the NICS and deliver a People Strategy, key challenges remain

- 5.1 Although the NICS has faced numerous challenges in recent years, it recognises the need to strengthen its capacity and capability and address the organisational, leadership and people management issues highlighted in Parts **Three** and **Four**. This part of the report sets out how the NICS has responded to these issues, and the progress achieved to date in transforming the NICS.

### The NICS HR delivery model has been reorganised, but further transformation is necessary to maximise benefits

- 5.2 Since 2006, the NICS has taken incremental steps to try to transform the delivery of leadership development and people management in the NICS, and adapt the supporting HR operating model. This commenced in March 2006 with the creation of HR Connect and wider restructuring of HR services across the NICS. This aimed to create a more efficient and effective HR operating model which would help equip the NICS for longer term strategic and cultural transformation.
- 5.3 In addition to providing payroll and a shared HR service for the NICS, HR Connect assumed responsibility for managing all external recruitment competitions. Centres of expertise were also developed at this time, including a central Corporate HR which took on responsibility for NICS HR policy, and CAL, which delivered generic training and development for all NICS staff. As a result of this reorganisation, the twelve Departmental HR functions then in place contracted in size.
- 5.4 Following a review of the HR operating model in 2015, the NICS Board decided to move to a single HR centre of excellence and NICSHR was subsequently established in April 2017. This single, centralised strategic HR provision amalgamated the former Departmental HR functions, Corporate HR, Occupational Health Service (OHS), Welfare Services and CAL. It was launched with approximately 16 per cent fewer staff than the previous decentralised model. However, it still needed to deliver ongoing HR services and corporate policy work in parallel with completing the transformation/standardisation of services. The lack of transformation prior to the creation and implementation of NICSHR, and the fact that there was no overarching organisational development programme, continues to present a significant cultural and collective leadership challenge for the NICS.
- 5.5 A timeline for HR transformation in the NICS since 2006 is shown at **Figure 19**.



- 5.6 The creation of NICSHR was intended to be the flagship conclusion to the centralisation of HR services project, delivering further efficiencies and an effective end to end HR operating model for the NICS.
- 5.7 The anticipated benefits from the formation of NICSHR included establishing a centralised model with sustained capability, and implementing consistent and transparent governance arrangements which would help optimise HR resource utilisation. However, fully achieving these objectives has proved problematic:
- **Greater clarity is required on the roles and responsibilities of the key stakeholders and centralised support mechanisms in the HR operating model (Figure 2).** Whilst six of the nine departments agreed that the roles and responsibilities of NICSHR and line management are clearly defined, and five agreed this is the case for HR Connect, we consider it important that all departments are clear on the roles of the component parts in this centralised operating model.
  - **A number of departments consider that individual stakeholders within the model, including NICSHR and line management, are not operating effectively in their current roles.** Five out of the nine departments agreed that NICSHR was operating effectively, with four departments agreeing that line management was operating effectively. Most significantly, only two departments agreed that HR Connect (the service provider and the ESS Service Management Division within DoF) was operating effectively. In addition, several departments indicated that they did not know if the various stakeholders are operating in their roles effectively.

## Part Five:

Despite work to transform the NICS and deliver a People Strategy, key challenges remain

- **Our audit also gathered evidence that the working relationship between NICSHR and HR Connect has not always operated effectively, with particular weaknesses around joined-up governance structures.** A recent DoF Internal Audit Report<sup>81</sup> found a lack of strategic oversight, with no clear joined-up approach between the management of the HR Connect contract and NICSHR strategies and priorities. The recently appointed Strategic Programme Director for the Central Government Transformation Programme (CGTP)<sup>82</sup> is leading work with ESS Service Management Division and NICSHR to address the Internal Audit recommendations and review governance structures and processes.

- 5.8 Since NICSHR was established in 2017, the landscape, in terms of customer and operational demands and workforce capacity and capability required by the NICS to address these, has changed significantly. Most notably, a lift in the moratorium on recruitment has increased demands from departments to fill posts and led to rising staff vacancy rates (**Part 3**), the demands placed on the NICS in administering the exit from the EU, and more recently the challenges associated with responding to Covid-19 (**Part 2**), have sharply increased NICSHR's workload. As a result, NICSHR has largely had to focus on meeting customer demands which has impacted the standardisation and harmonisation of HR processes and the delivery of strategic HR transformation and organisational development across the NICS.
- 5.9 A structural review of NICSHR<sup>83</sup> in May 2018 and the Post Project Evaluation (PPE) for the centralisation of HR services project (July 2018), both found that it required enhanced capacity to implement its forward work plans. In particular, the PPE highlighted that a reallocation of resources was necessary to drive forward the substantial HR transformation still to be implemented across NICSHR. NICSHR told us that progress has been made in moving towards this and it is working to introduce further changes and strengthen governance mechanisms as soon as possible.
- 5.10 Despite significant reorganisation since 2006, the aim of having a centralised and effective HR function with sustained capability and transparent governance arrangements in the NICS has not been fully achieved. Given the pressures it is currently facing and without the appropriate investment in a change programme, it is also difficult to see how the NICS and NICSHR can drive the transformation wanted and needed to achieve meaningful progress in delivering its People Strategy (paragraphs 5.12 to 5.15), which will be key to building enhanced capacity and capability in the NICS.
- 5.11 Importantly, the current HR Connect contract is scheduled to expire in March 2021. Whilst the NICS had announced its intention to procure a replacement contract for the shared service and work has commenced on the procurement activities necessary for the replacement, as well as consideration of any contingency arrangements to maintain continuity of services, DoF acknowledges that this process will not be completed on time, and informed us that a contract

81 *Internal Audit: HR Connect Governance Arrangements*, DoF, May 2019

82 The Central Government Transformation Programme (CGTP) was established by DoF to govern and manage delivery of the programme of work to deliver the Public Sector Shared Services Programme (PSSSP) mandate, as set out in August 2018, to further consider the opportunities for reducing the costs of end to end HR and payroll services through increased collaboration and shared services for central government.

83 NICSHR Organisation Design Review – May 2018

modification is being sought under Article 72 (1) (b) of the Public Contract Regulations<sup>84</sup> but the length of the extension is still undecided. As the initial contract has now been operational for 15 years, we consider that sufficient time was available to plan for a refreshed procurement.

## The NICS has introduced a 2018-2021 People Strategy

- 5.12 An HR operating model is not sufficient on its own to adequately address the complex and longstanding people and leadership issues in the NICS; it needs to be accompanied by strategic direction and a robust forward action plan. In May 2018, the NICS introduced its People Strategy, which covers the period 2018-21. Developed during the first year of NICSHR's operation, it is an articulation of the transformation required for people management in the NICS. It focuses on the NICS workforce, specifically on strengthening line management and leadership (paragraph 4.40), and ultimately aims to enable staff to perform at their highest level and reach their full potential.
- 5.13 The strategy's dual purpose is to deliver both short term actions along with other longer term measures, including reforming the NICS's approach to resourcing, recruitment and vacancy management. It notes that there is "substantial enabling work to be done across the NICS by a variety of stakeholders to make the People Strategy a reality". At this stage, progress has been made on a range of actions, such as developing a consistent departmental workforce planning model, implementation of the first stages of employee relations policies and procedures, development and delivery of a number of leadership development programmes and, in line with a core element of the strategy, delivering tasks to improve workforce diversity and inclusion.
- 5.14 Despite progress in these areas, delivery of other important actions has failed to progress in the way that NICSHR and many other stakeholders had hoped. As paragraph 3.33 noted, three of the departments were unable to provide us with draft versions of their 2019-22 workforce plans. In addition, progress on other longer term areas has been limited, for example, successfully addressing absence management issues and updating NICS recruitment and promotion processes.
- 5.15 As a backdrop of unprecedented challenges and capacity shortfalls have been hampering NICSHR's ability to progress key elements of its work, future success will depend heavily on its ability to secure appropriate resources. In the absence of this, it is difficult to see how it will be able to play its key enabling role in the delivery of the NICS People Strategy alongside providing professional, centralised HR services across the NICS departments. An NICS resourcing paper produced in October 2019 recognised that the modernisation programme and improvement work within the People Strategy had now become critical to better meeting NICS resource needs. In our view, the findings throughout this report suggest that, rather than striving for efficiency, the NICS needs to consider how a significant but targeted investment in strategic HR could ultimately assist improved workforce planning and strengthen workforce capacity and capability.

## Part Five:

Despite work to transform the NICS and deliver a People Strategy, key challenges remain

### The SIB has been helping the NICS bridge skills gaps, but the primary focus should be on strengthening internal capacity and capability

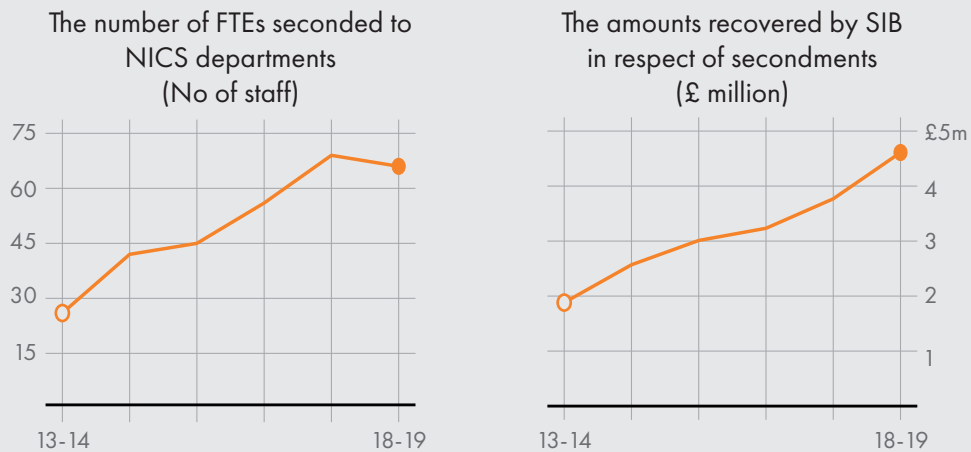
- 5.16 The SIB, an arms-length body of TEO, was established in 2003. Its founding legislation<sup>85</sup> enables it, amongst other roles, to work with the NICS departments and executive agencies to provide specialist experience, knowledge and skills to achieve faster delivery of major public investment programmes and projects.
- 5.17 One way in which the SIB supports the NICS is by deploying staff into departments and executive agencies to take on senior project and programme management roles. The SIB also provides, through its Strategic Support Unit, staff to carry out short-term, focused assignments in a manner analogous to the use of management consultants. SIB staff are paid salaries that reflect the market rate for their skills, knowledge and experience, and the costs of providing these two types of support are usually recouped from the NICS.
- 5.18 In 2016, TEO commissioned a review of the SIB<sup>86</sup> to consider its current operating model and whether scope existed to improve the effectiveness of service delivery. The review reported in February 2018, finding that the SIB is a high performing organisation and has an ongoing and central role to play in supporting the NICS to achieve key priorities. It highlighted that the SIB had brought pace, a strong expertise and expansive knowledge to a wide range of areas and high profile NICS programmes and projects.
- 5.19 The review also found that demand for SIB services had been growing and that NICS departments could potentially need extensive support going forward, indicating both growing skills gaps across the NICS and the important role which the SIB is playing in addressing these. A survey for the review showed that 90 per cent of the public bodies<sup>87</sup> which responded were currently working with the SIB in some way, and 75 per cent would be 'likely' or 'very likely' to avail of SIB support in the next five years.
- 5.20 Our analysis of costs and FTEs seconded to NICS departments confirmed that whilst NICS departments have notably been increasing their use of the SIB each year between 2013-14 and 2018-19, overall expenditure incurred on SIB services remains modest in the context of NICS payroll costs, at £19 million for the period (**Figure 20**).

85 The Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003

86 BCS - Review of the Strategic Investment Board, DoF, 19 February 2018

87 The public bodies surveyed in this review were wider than NICS departments and included local government, statutory agencies and community organisations in Northern Ireland.

**Figure 20. Costs recovered by SIB for secondments to NICS departments have more than doubled since 2013-14**



Source: SIB Annual Report and Accounts

- 5.21 All of the nine NICS departments we surveyed had used the SIB to address skills gaps over the past three years and eight out of the nine were likely to require SIB's services to meet future operational objectives. In 2018-19, four departments (DfC, DoJ, TEO and DfE) accounted for just over 80 per cent of days commissioned from the SIB.
- 5.22 The 2018 review found that the NICS had mainly engaged the SIB to address capability gaps in the areas of producing business cases, project and programme management and in advising on commercial aspects to contracts. These areas are broadly consistent with the current NICS skills gaps and requirements highlighted in **Figure 15**.
- 5.23 The report of the RHI Inquiry (Recommendation 12) re-iterated the need for project and programme management expertise within the NICS, stating:

*"The leaders of the NICS should work with Invest Northern Ireland and the Strategic Investment Board to consider how both organisations can better contribute their expertise to the work of mainstream departments, particularly in relation to good practice on implementation of programmes and project management. This could for example include providing advice at the early stages of policy development, 'tyre-kicking' and challenge; and joint training and job exchange schemes."*

## Part Five:

### Despite work to transform the NICS and deliver a People Strategy, key challenges remain

- 5.24 The SIB told us that in certain instances it had been surprised that NICS departments sought skills or capability that could reasonably have been expected to be found internally. However, it recognised departments may, for example, use SIB support because they have a temporary shortage of particular skills or wish to cover a skills gap while building the capacity to meet a need that has arisen at short notice. Our stakeholder engagement also identified governance and accountability concerns regarding departments not effectively monitoring and scrutinising the work of SIB staff deployed into their organisations, especially when they sit outside the normal NICS grade and management structure.
- 5.25 The NICS Board agreed principles and procedures for engaging the SIB in July 2019. In our view, more clarity is needed to ensure appropriate governance or accountability, about which stakeholders have raised concerns. However, TEO intends supplementing these principles and procedures with an SIB ‘user guide’ which it will issue to NICS departments later in 2020.
- 5.26 The SIB has told us that it has observed the adverse impact of NICS staff fulfilling key project roles for a relatively short period before moving to a new position. In particular, it noted that career progression within the NICS means that the role of Senior Responsible Owner (SRO)<sup>88</sup> on a major project has often been filled by several different individuals during its life-cycle. Such a lack of continuity poses risks to the successful delivery of projects. This issue was also highlighted in the report of the RHI Inquiry (Recommendation 24), which stated:
- “Senior managers in the Civil Service must take responsibility for guiding and, where necessary, sequencing the timing of staff moves so that continuity of business is secured. This includes allowing sufficient time for transferring staff to hand over, and discuss in person, responsibilities with their successors. The Northern Ireland Civil Service should consider allowing those managers more flexibility in handling the timing of staff moves (e.g. in terms of retention, allowances and promotion in role) to help secure business continuity on complex projects.”*
- 5.27 It is likely that the SIB will continue to have a key role in providing NICS departments with valuable advice and assistance, and in helping bring expertise into the NICS system. However, to achieve value for money from SIB commissioned services, NICS departments must seek to maximise the extent of knowledge transfer imparted by SIB staff to NICS permanent employees. The 2018 review recommended that the SIB explores the potential of knowledge transfer with clients at project initiation stage and, where appropriate, specifically defines knowledge transfer as a realisable benefit within project delivery. However, the requirement for knowledge transfer has only recently been consolidated into the Operating Partnership Agreement template that provides a framework for each engagement. This issue of knowledge transfer is important for the SIB, but also for any third party that is providing skills services to the NICS, including consultancy and contractors. Where relevant, the NICS should therefore be continually looking to develop its own internal capability through the knowledge transfer process.

<sup>88</sup> A Senior Responsible Owner (SRO) is the visible owner of a programme or project. They are normally recognised as the key leadership figure driving the initiative forward and are accountable for its successful delivery.



- 5.28 The primary focus for departments should be considering how they can strategically enhance their own internal capacity and capability. In paragraph 4.19, we highlighted how salaries and remuneration can impact on securing skills within specific sectors. Based on departmental feedback on this issue, the NICS needs to consider developing a range of pay flexibilities, guided by appropriate market rates of pay for the relevant sectors, to attract high demand skills into its workforce. However, this must be informed by workforce planning which accurately identifies gaps in current and future skill requirements.
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## Appendix 1:

(Paragraph 1.6)

All employees (FTE) within each NICS department, analysed by grade as at 1 April 2019

NI Departments	NI Senior Civil Service (SCS)	NI Civil Service								All grades
		Non-Industrial							Industrial (CS)	
	Grade 5 and above (SCS)	Grades 6/7 (CS)	DP (CS)	SO (CS)	EOI/EOII (CS)	AO (CS)	AA (CS)	Prison Grades (CS)		
DAERA	27	269	353	622	823	385	83	0	183	<b>2,744</b>
DE	18	89	83	75	109	101	25	0	0	<b>501</b>
DfC	25	128	287	523	2,865	2,501	250	0	26	<b>6,604</b>
DfE	20	89	188	184	335	168	28	0	0	<b>1,010</b>
DfI	16	116	280	351	608	840	91	0	591	<b>2,893</b>
DoF	41	334	552	623	907	759	69	0	10	<b>3,295</b>
DoH	20	58	98	93	76	41	13	0	0	<b>400</b>
DoJ	16	111	215	232	558	574	47	1,229	20	<b>3,000</b>
TEO	24	40	61	58	55	36	4	0	0	<b>279</b>
<b>Total</b>	<b>207</b>	<b>1,234</b>	<b>2,117</b>	<b>2,761</b>	<b>6,336</b>	<b>5,405</b>	<b>610</b>	<b>1,229</b>	<b>830</b>	<b>20,725</b>

A similar analysis for all employees using headcount was not available.

Figures are rounded to the nearest unit.

Totals are based on unrounded figures and may not equate to the sum of the figures present in the body of the table.

Data taken from HR Connect and additional DoJ databases as at 1 April 2019.

Includes permanent and temporary staff.

Excludes staff employed by recruitment agencies, staff on career break and staff on secondment to organisations outside the NICS.

Source: NISRA

## Appendix 2: List of NICS professions

(Paragraphs 1.7, 4.9 and 4.17)

<b>NICS professional group</b>
Agricultural Inspectorate
Agricultural Economists
Economists
Finance & Governance
Audit
Geographical Information
Health Estates (Construction)
HR
Training
Information, Communication and Technology
Communications
Legal
Medicine
Planning
Policy Delivery
Statistics
Valuers
Veterinary Medicine
Procurement
Construction Disciplines
Librarians
Education and Training Inspectorate
Environment Science
Operational Delivery

*The NICS is close to also establishing a Project Delivery profession*

Source: NICS HR

## Appendix 3:

*(Paragraphs 1.14 and 3.1)*

Capacity and capability issues have contributed to various shortcomings within key NICS programmes or projects

Recent examples exist within the NICS of specific projects, contracts or programmes where capacity and capability shortfalls have contributed to significant operational difficulties and a lack of value for money.

The most significant and high profile example is the Non-Domestic Renewable Heat Initiative (RHI) scheme ('the RHI Scheme'). The RHI Inquiry ('the Inquiry') was set up in January 2017 by the then Northern Ireland Minister of Finance. Its main remit was to investigate the circumstances surrounding the RHI scheme as well as the respective roles of key stakeholders.

Eleven of the 44 RHI Inquiry recommendations can be traced to shortcomings in either the capacity or capability of the NICS workforce. They cover areas such as recruitment, the NICS professions, leadership and skills and experience in public finances, commercial awareness and contract and project management.

The eleven specific recommendations which relate to our report on Capacity and Capability in the NICS are Recommendations 1, 3, 8 (paragraph 4.7<sup>89</sup>), 9, 10, 12 (paragraph 5.23), 17 (paragraph 4.25), 20, 24 (paragraph 5.26), 30 and 36, and are outlined below.

Recommendation	Commentary
1	A new policy at its earliest stage should be subject to a rigorous process to determine whether the Northern Ireland devolved administration has (or is prepared to assign) the necessary skills and resources to deliver the policy safely and competently. The scope for economies of scale through working in partnership with another administration (for example a Westminster department, another of the devolved administrations or city-regions within the UK or, in appropriate circumstances, the Republic of Ireland) should be thoroughly examined and the assessment of joint working options made visible to Ministers and the relevant Assembly Committee.
3	As far as practicable, Northern Ireland Civil Service teams working on policies, particularly new and untested initiatives, should be trained and supported so that they have the skills to do the job, not least the ability to model the policy, the skills to test it in advance under different conditions and scenarios, and the self-awareness to seek and use external challenge.
8	A fundamental shift is needed in the approach used within the Northern Ireland Civil Service with regard to recruitment and selection for government jobs. This 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 an individual's grade and level of pay. In time the Inquiry believes this should lead towards more job-specific recruitment and selection which must, of course, be fair, transparent and consistent with relevant employment legislation.

89 Paragraph references relate to the paragraphs in our report on 'Capacity and Capability in the NICS'.

Recommendation	Commentary
9	<p>Commercial and business awareness amongst policy officials, particularly those working in roles relating to the economy of Northern Ireland, must be improved. It is important that the leadership of the Northern Ireland Civil Service also devise and provide clear guidance and training to relevant staff about the identification and handling of commercially sensitive information, including when engaging with third parties. This should include a clear process for escalating queries in relation to, and seeking clearance in respect of, what can be shared by officials, where necessary. In addition, a wider range of opportunities and encouragement for policy civil servants to gain front-line business/ commercial and operational experience would be of benefit.</p>
10	<p>The Northern Ireland Civil Service should consider what changes are needed to its guidance and practices on the use of external consultants arising from the experience of RHI. Specific recommendations include:</p> <p>(a) that better assessments are needed at the outset of a given policy or project pre-procurement, as to what type of specialist support is to be sought from amongst the different types of available consultancies – for example, contracted-in specialist skills or stand-alone advisory reports or some appropriate combination of both; and</p> <p>(b) that far greater emphasis should be placed upon the resources and capabilities of the relevant Civil Service teams to manage the consultants and to make effective use of their input, including knowledge transfer and retention after any consultancy contract has ended.</p>
12	<p>The leaders of the Northern Ireland Civil Service should work with Invest Northern Ireland and the Strategic Investment Board to consider how both organisations can better contribute their expertise to the work of mainstream Departments, particularly in relation to good practice on implementation of programmes and project management. This could for example include providing advice at the early stages of policy development; ‘tyre-kicking’ and challenge; and joint training and job exchange schemes.</p>
17	<p>The Northern Ireland Civil Service should take steps to draw on best practice from other jurisdictions to provide more support for professions within the civil service. The Inquiry specifically recommends:</p> <p>(a) the establishment of a project management profession with a named senior leader and a comprehensive programme of professional development; and</p> <p>(b) the development of improved professional opportunities for finance professionals and for economists within the Northern Ireland Civil Service.</p>

## Appendix 3: *(continued)*

*(Paragraphs 1.14 and 3.1)*

Capacity and capability issues have contributed to various shortcomings within key NICS programmes or projects

Recommendation	Commentary
20	Public expenditure rules should be sufficiently flexible so that false economies can be avoided. In order to deliver a policy objective, departments should not be required to choose a more expensive option in overall terms because they cannot use the available funding in a flexible cost-effective way. The Department of Finance should engage with HMT to determine how such false economies, impacting as they must on the value for money taxpayers receive for the funds they provide, can be identified and avoided in the future in respect of government initiatives in Northern Ireland.
24	Senior managers in the Civil Service must take responsibility for guiding and, where necessary, sequencing the timing of staff moves so that continuity of business is secured. This includes allowing sufficient time for transferring staff to hand over, and discuss in person, responsibilities with their successors. The Northern Ireland Civil Service should consider allowing those managers more flexibility in handling the timing of staff moves (e.g. in terms of retention, allowances and promotion in role) to help secure business continuity on complex projects.
30	Civil servants who are responsible for holding and monitoring a budget should have to demonstrate core requirements in financial literacy and an understanding of how public spending operates, including what is expected of them according to the core guidance contained in 'Managing Public Money Northern Ireland'. The Inquiry recommends that the financial training requirements for budget holders be reviewed and updated.
36	The Northern Ireland Civil Service should develop a better process to learn from past failures, one that goes beyond the traditional method of revising and circulating internal guidance. Leaders within the Senior Civil Service must be more systematic, persistent and proactive in explaining to staff what changes are needed and supporting staff to adapt their working practices. A tougher level of external scrutiny, such as from the non-executives on the boards of departments and from strengthened Assembly Committees, while no guarantee of success, would increase scrutiny and help ensure that systematic changes are made and sustained.

Details of the full report and all the recommendations can be found on the RHI Inquiry website at: <https://wayback.archive-it.org/11112/20200911103439/https://www.rhiinquiry.org>

We plan to produce a separate, more detailed review of the RHI Inquiry findings later in 2020-21.



## NIAO has identified links between staffing and skills deficits and poor outcomes in some public sector initiatives and programmes

The table below summarises NIAO value for money reports on various public sector programmes, contracts or projects since 2015 where poor outcomes can be partly attributed to insufficient workforce capacity or capability.

NIAO Report	Issue	Recommendation
<i>Major Capital Projects</i> – December 2019	A range of cost and time overruns across eleven flagship capital projects	As a matter of priority, there is significant merit in considering alternative capital delivery models, sufficiently resourced with highly skilled staff, to help improve future infrastructure delivery.
<i>Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation</i> – June 2019	Weaknesses in DoF's management of the Strategic Partner Project contract resulting in increased contract expenditure	Departments need to ensure that strong financial management controls are in place to ensure appropriate monitoring of expenditure. Departments managing contracts must ensure that sufficient expert resources are available (for example, financial management staff) throughout a contract duration.
<i>Follow-up reviews in the Health and Social Care Sector: Locum Doctors and Patient Safety</i> – April 2019	Increasing use of locum doctors by Northern Ireland hospitals	The Department and Trusts must find more effective long-term workforce planning solutions, which can help reduce reliance on locums through providing a sustainable and recurrent workforce. Alongside policy development, the Department should consider re-establishing targets aimed at reducing the Trusts' current level of reliance on locum doctors.
	Patient safety and increasing clinical negligence costs	The Department and Trusts need to actively address the potential risks to patient safety created by staffing shortfalls in key clinical disciplines and, as far as possible, introduce appropriate workforce planning measures to mitigate these risks.
<i>Speeding up justice: avoidable delay in the Criminal Justice System</i> – March 2018	The absence of administrative support means judges undertake a range of administrative type tasks to ensure cases are ready to proceed	The Department, in consultation with the Lord Chief Justice, should ensure that adequate administrative support is provided to the judiciary to facilitate more effective management of cases and case progression in the Crown Court.

## Appendix 3: (continued)

(Paragraphs 1.14 and 3.1)

Capacity and capability issues have contributed to various shortcomings within key NICS programmes or projects

NIAO Report	Issue	Recommendation
<i>Managing the Government Office Estate</i> – November 2017	Insufficient resources available to deliver the Reform of Property Management Programme	Resources are urgently required to progress the reform programme so that implementation can be achieved without further delays.
<i>Managing Emergency Hospital Admissions</i> – November 2016	Difficulty in recruiting and retaining staff within GP practices	The Department needs to take immediate steps to identify and address the root causes of training, recruitment and retention problems among GP practices in Northern Ireland in order to make primary care practice a more attractive career option.
<i>Northern Ireland Public Sector Voluntary Exit Schemes (VES)</i> – October 2016	Long term staffing needs were not considered, and blunt in year adjustments to headcount and the pay bill were instead used to balance the budget	Future VES in the public sector should be based on strategic workforce planning which links to target operating models, assesses the priority skills the organisation wants to retain, forms part of a wider set of workforce planning measures to control staff costs and factors in the potential impact of natural wastage.
<i>Cross-border broadband initiative - the Bytel project</i> – March 2015	Insufficient management and oversight of this grant project, including appraisals that were not significantly robust and weak responses to whistleblowing allegations	Where allegations are of a serious nature and involve suspected misuse of public money, a properly resourced forensic investigation should be undertaken at the earliest possible stage.

## Appendix 4: Study Methodology

*(Paragraph 1.21)*

Our approach included a combination of quantitative and qualitative methods, including:

1. A review of key documents and further publications produced by the NICS and other organisations.
  2. Meetings, workshops and discussions with various NICS staff, specifically NICSHR, HR Connect, and representatives from five of the NICS professions.
  3. Meetings with other key stakeholders such as Northern Ireland Public Service Alliance (NIPSA), the Association of First Division Civil Servants (FDA), the Civil Service Commissioners and the Strategic Investment Board (SIB).
  4. Liaison with the NAO to provide an understanding of their work in the area of capability in the GB Civil Service.
  5. Liaison with the GB Civil Service and Irish Government to provide an overview of their arrangements for managing capacity and capability.
  6. Analysis of statistics and data, to 31 March 2019 (and in some instances 1 April 2019), produced by:
    - NISRA for the NICS; and
    - NICSHR.
  7. Analysis of quantitative data requested from NICS departments and HR Connect to 31 March 2019.
  8. Collation and review of qualitative information obtained from the nine NICS departments via a survey questionnaire. Responses to the main questions asked have been summarised at Appendix 9.
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## Appendix 5: Age analysis for each of the NICS departments

(Paragraph 3.41)

The table below shows the age profile of the departmental workforces at 31 March 2019:

	<b>16-24 %</b>	<b>25-34 %</b>	<b>35-49 %</b>	<b>50-59 %</b>	<b>60+ %</b>
TEO	0.3	9.0	39.8	36.1	14.8
Dfi	0.6	8.0	39.0	38.3	14.1
DAERA	0.2	7.5	43.1	36.8	12.4
DoH	0.0	6.2	41.1	40.6	12.0
DfE	0.2	9.8	40.6	37.5	11.9
DoF	1.1	14.7	45.1	29.0	10.1
DfC	0.2	13.1	45.0	32.5	9.2
DoJ	0.1	9.8	46.4	35.1	8.6
DE	0.2	3.8	40.6	47.0	8.4

Source: NIAO, based on HR Connect data

## Appendix 6: Agency staffing headcount and costs by department

(Paragraph 3.16)

The table below shows the agency staffing headcount at 1 April from 2017 to 2019 by department:

	2017	2018	2019
DfC	625	1,137	1,479
DoF	168	161	268
DAERA	92	96	117
DfI	68	71	102
DoJ	66	81	92
DfE	7	8	23
TEO	4	2	10
DE	17	19	6
DoH	0	1	2
<b>Total</b>	<b>1,047</b>	<b>1,576</b>	<b>2,099</b>

Source: NICS workforce and pay bill monitoring reports

The table below shows annual agency costs for the period 2016-17 to 2018-19 by department:

	2016-17 £m	2017-18 £m	2018-19 £m
DfC*	7.3	18.6	31.8
DoF**	3.7	3.6	6.5
DAERA	3.0	4.0	4.3
DoJ	2.3	1.9	1.4
DfI	0.6	0.6	0.8
DE	0.4	0.4	0.4
DfE***	0.2	0.4	0.4
TEO	0.4	0.2	0.2
DoH	0	0	0
<b>Total</b>	<b>17.9</b>	<b>29.6</b>	<b>45.7</b>

Source: NICS departments

Totals may not sum because of rounding

\* Includes work undertaken on behalf of the GB Civil Service

\*\* Excludes NISRA interviewers

\*\*\* Includes temporary and contracted staff costs as DfE were unable to provide a detailed split of these

## Appendix 7: Overtime costs by department

(Paragraph 3.21)

The table below shows annual overtime costs for the period 2016-17 to 2018-19 by department:

	<b>2016-17 £m</b>	<b>2017-18 £m</b>	<b>2018-19 £m</b>
DfC	4.9	4.9	6.2
DoJ	3.1	3.3	3.8
DfI	3.1	4.6	3.7
DAERA	2.0	2.1	2.2
DoF	2.1	2.1	2.1
DfE	0.3	0.1	0.3
TEO	0.0	0.1	0.1
DE	0.1	0.1	0.0
DoH	0.0	0.0	0.0
<b>Total</b>	<b>15.6</b>	<b>17.4</b>	<b>18.4</b>

Source: NICS departments

Totals may not sum because of rounding

## Appendix 8: Temporary promotion headcount by department

(Paragraph 3.23)

The table below shows the temporary promotion headcount at 31 March from 2017 to 2019 by department:

	<b>2017</b>	<b>2018</b>	<b>2019</b>
DfC	551	575	626
DAERA	260	237	278
DoF	223	249	269
DoJ	143	135	209
Dfi	150	150	167
DfE	103	81	147
DoH	39	42	74
DE	98	27	46
TEO	30	16	28
<b>Total</b>	<b>1,597</b>	<b>1,512</b>	<b>1,844</b>

Source: NICSHR

The figures used in Appendix 8 were derived from data extracted at the following points of time:

2017 – 2 May 2017

2018 – 4 April 2018

2019 – 29 March 2019

## Appendix 9:

### NIAO questionnaire results

The table below summarises the departmental responses to the main questions referred to in the body of our report. Responses to all subsidiary questions or supporting comments have not been included. Departments have been anonymised.

#### Self-assessment

Area	Question	Ratings					
		Very poor	Poor	Adequate	Good	Very good	N/a
		Very poor (below expected requirements); Poor (partially meets expected requirements but needs improvement); Adequate (meets expected requirements but some improvement needed); Good (meets expected requirements); Very good (exceeds expected requirements); and N/a is not applicable					
<b>Strategic workforce planning</b>	In relation to strategic workforce planning, please rate the effectiveness of your department.	-	2	4	3	-	-
<b>Skills</b>	Since the restructuring of NI Government departments in May 2016, please assess the ability and skills set of the department's workforce to deliver the draft Programme for Government 2016-2021 via the associated annual outcome framework targets	-	-	5	4	-	-
<b>Temporary measures</b>	Please rate the value for money being achieved by the department in relation to the use of agency services	-	-	4	5	-	-
	Please rate the value for money being achieved by the department in relation to the use of overtime	-	-	2	6	-	1
	Please rate the value for money being achieved by the department in relation to the use of temporary promotions	-	1	2	6	-	-
	Please rate the value for money being achieved by the department in relation to the use of the SIB	-	-	3	6	-	-
<b>Vacancy management</b>	For substantive vacancies, please rate the effectiveness of the department's vacancy management process	1	3	3	2	-	-
<b>Recruitment</b>	Please rate the effectiveness of external recruitment exercises undertaken on behalf of the department	-	-	8	1	-	-
	Please rate the effectiveness of internal selection and promotion competitions undertaken on behalf of the department	-	1	7	1	-	-
<b>Retention</b>	Since 2016, please rate the ability of the department to retain its staff	-	-	2	7	-	-



Area	Question	Ratings					
		Very poor	Poor	Adequate	Good	Very good	N/a
		Very poor (below expected requirements); Poor (partially meets expected requirements but needs improvement); Adequate (meets expected requirements but some improvement needed); Good (meets expected requirements); Very good (exceeds expected requirements); and N/a is not applicable					
<b>Succession planning</b>	Please rate the effectiveness of succession planning arrangements in the department for SCS in relation to VES	-	2	2	3	1	1
	Please rate the effectiveness of succession planning arrangements in the department for SCS in relation to departmental transformation	-	1	4	3	1	-
	Please rate the effectiveness of succession planning arrangements in the department for SCS in relation to age profile of the workforce	-	1	6	1	1	-
	Please rate the effectiveness of succession planning arrangements in the department for the civil service in relation to VES	-	2	5	1	1	-
	Please rate the effectiveness of succession planning arrangements in the department for the civil service in relation to departmental transformation	-	1	6	1	1	-
	Please rate the effectiveness of succession planning arrangements in the department for the civil service in relation to age profile of the workforce	-	3	5	-	1	-
<b>Learning and development</b>	Please rate the department's ability to deliver appropriate line of business training	-	-	4	4	1	-
	Please rate the department's ability to provide an environment which supports learning and development in its workforce.	-	-	1	7	1	-
<b>Performance management</b>	Please rate the effectiveness of your department in using established performance management procedures to enhance performance and grow talent	-	-	6	1	1	1
<b>Sick absence</b>	Please rate the levels of sick absence in the department	-	1	4	4	-	-
<b>Impacts of capacity and capability weaknesses</b>	In the last 3 years, please rate the department's capacity and / or capability within the workforce to deliver significant projects or programmes	-	-	4	4	1	-
	In the last 3 years, please rate the department's capacity and / or capability within the workforce to meet significant operational targets	-	-	4	4	1	-

## Appendix 9: NIAO questionnaire results

### NICS assessment

Area	NIAO Statement	Rating N/a is not applicable					
		Strongly disagree	Disagree	Don't know	Agree	Strongly agree	N/a
<b>Strategic workforce planning</b>	Workforce planning should be centrally coordinated and managed within the NICS	1	-	-	4	4	-
	Workforce planning should consider the skills mix of staff as well as the staff headcount	-	-	-	4	5	-
<b>Vacancy management</b>	Vacancy management within departments would be improved by more external recruitment	-	2	-	4	3	-
	Vacancy management within departments would be improved by a more structured system of public sector secondments and use of the Interchange Scheme	-	-	-	6	3	-
<b>Recruitment</b>	There is clearly defined guidance in place which specifies when various methods to fill vacancies (for example, internal selection and promotion, external recruitment and/or secondments) are appropriate	-	1	2	5	1	-
	The current process of recruiting / promoting to grades (using the NICS competency framework) for NICS competitions works well	-	4	2	3	-	-
	Skills gaps would be better addressed if NICS competitions specifically targeted candidates with specific experience and skills such as policy, project management, commercial / contract management, digital, legal, asset management etc	-	1	1	7	-	-
	Time taken to recruit and place successful internal candidates into post is satisfactory	1	7	1	-	-	-
	Time taken to recruit and place successful external candidates into post is satisfactory	1	7	-	1	-	-
<b>Retention</b>	Recruitment and retention in specialist grades / roles, for example data analytics or marketing, could be aided by improved remuneration levels based on market rates	-	-	1	7	1	-
<b>Learning and development</b>	The CAL delivery model for the generic training of NICS staff is effective and efficient	-	1	4	4	-	-
	The CAL leadership and development training programme for SCS staff provides them with the sufficient skills to meet current and future operational challenges	-	1	2	5	1	-

Area	NIAO Statement	Rating N/a is not applicable					
		Strongly disagree	Disagree	Don't know	Agree	Strongly agree	N/a
<b>Performance management</b>	There should be a generic competency framework in place for all posts within the NICS	-	-	1	7	1	-
	The current performance management system including the box marking rating system (Satisfactory or Unsatisfactory) enables line management to effectively manage performance in the NICS	-	3	3	3	-	-
<b>HR delivery in the NICS</b>	The roles and responsibilities of NICSHR are clearly defined	-	3	-	5	1	-
	The roles and responsibilities of HR Connect are clearly defined	-	1	3	5	-	-
	The roles and responsibilities of departmental boards are clearly defined	-	-	1	7	1	-
	The roles and responsibilities of line management are clearly defined	-	1	2	5	1	-
	NICSHR is operating in its role effectively	-	3	1	5	-	-
	HR Connect is operating in its role effectively	1	1	5	2	-	-
	Departmental boards are operating in their role effectively	-	-	4	4	1	-
	Line management is operating in its role effectively	-	1	4	4	-	-
<b>External environment</b>	The absence of a fully functioning Assembly has caused and will continue to cause the NICS operational issues which have impacted on its capacity and capability	-	-	1	3	5	-
	The impending exit of the EU has caused and will continue to cause the NICS operational issues which have impacted on its capacity and capability	-	-	-	4	5	-
	Other external factors has caused the NICS operational issues which have impacted on its capacity and capability	-	1	4	2	1	1

# NIAO Reports 2019 and 2020

Title	Date Published
<b>2019</b>	
Welfare Reforms in Northern Ireland	17 January 2019
Structural Maintenance of the Road Network	26 March 2019
Follow-up reviews in the Health and Social Care Sector: Locum Doctors and Patient Safety	9 April 2019
Making partnerships work: A good practice guide for public bodies	30 April 2019
Mental Health in the Criminal Justice System	14 May 2019
Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation	14 June 2019
Local Government Auditor’s Report 2019	19 June 2019
Financial Auditing and Reporting: General Report by the Comptroller and Auditor General for Northern Ireland – 2018	26 July 2019
Major Capital Projects	8 December 2019
<b>2020</b>	
Injury on duty schemes for officers in the Police Service of Northern Ireland and the Northern Ireland Prison Service (Website only)	10 March 2020
Governance issues in Sport Northern Ireland	11 March 2020
Reducing Costs in the PSNI	28 April 2020
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Impact Review of Special Educational Needs	29 September 2020
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