

# Developing the Engagement Strategy for HMRC

When we first started working with HMRC it employed over 92,000 employees scattered around the UK in large urban centres and small local offices.

## Challenges

HMRC merged in 2005. The O'Donnell report had recommended the integration on the basis that the merger would bring a range of benefits, including improved customer service, greater effectiveness through having aligned strategies, a flexible workforce and efficiency through economies of scale.

HMRC had struck a deal with the Treasury: the Treasury would invest £500 million a year between 2006 and 2011 for HMRC to modernise its processes and systems. In return, HMRC was asked to do more with less – increase the amount of tax it collected, but reduce the money spent on running costs and the number of people employed. So, HMRC had to operate with a 5% cut in real terms in its annual budget. This was in addition to the efficiency targets set in the July 2004 Spending Review.

HMRC was therefore facing change at a strategic level (the integration, the budgetary constraints, a structural level (relocation of work and merging of departments) and at a job-related level (change in technology, introduction of new ways of working, reduction in the number of jobs).

## Approach

We have worked on several projects with HMRC, through its integration.

### *Workforce Change and Departmental Transformation Programme*

As we started to work with HMRC, it was facing an extremely challenging period during which it announced and implemented Workforce Change (the reduction in headcount from 92,000 to 75,000 and the redeployment of people so that the right skills were in the right locations) and the Departmental Transformation Programme.

We worked as part of the Workforce Change team, equipping leaders and managers to tell the Workforce Change story to 92,000 staff in 900 places of work.

We worked with a central team and communicators in each of the 36 business units to create a clear and coherent plan and messages. As part of this, we designed and co-facilitated sessions for leaders in London and Leeds. Trade unions were informed before staff but after managers. We identified and coached a cadre of 150 leaders to support managers in locations where the messages would be particularly difficult. We designed an immediate feedback process and conducted telephone interviews with some of the 150 to understand what further support managers needed. The overall feedback about this major announcement was that although people did not like the messages, they appreciated the approach and the care that had gone into it.



Following on from this, a special edition of the newsletter was created so that people had all the key facts in black and white. The intranet pages were regularly updated. Employees were encouraged to send in their questions which were quickly answered.

Within the management population we designed a programme for 14,000 to enable them to gain better line of sight between local business plans and the overall Ambition of HMRC, and tools for them to engage with their teams.

We designed and co-facilitated change management workshops, Confidence to Deliver, for managers of front-line staff. The aim of these workshops was to provide guidance on helping staff deal with change and in particular to provide support to managers and staff who were in 'limbo'. These were people who knew that their offices would close but were not sure when and who were described as 'pre-surplus' – not redundant but with no job to go to. A DVD was made that focused on the emotional impact of change and how important it is in change to be able to talk about the affect it has on the employee. The workshop also offered a place for managers to 'vent' – a safe place where they could talk about the emotional impact of the change and the people management challenges they were facing.

### **Support for leaders**

To support leaders through the change, we created Leading the Way which closed the gap between SCS and ExCom. It is a forum for leaders which lasts a couple of hours and is offered 3-4 times a month in locations around the UK. We designed the early agendas, coached the leadership, managed the production and designed the measurement process to track impact. Leading the Way is optional for leaders - we wanted the test of its value to be in whether people chose to attend and chose to continue attending. It has proved very popular with high levels of attendance.

### **Support for managers**

In addition to Workforce Change, we worked with Enforcement & Compliance (E&C) to understand:

- Why managers were so much more highly rated than leaders in the employee survey
- How managers could be supported to continue their good work.

We conducted a series of focus groups with managers in E&C to understand what they were doing right. We also discussed what they needed to maintain the trusting relationships they had with their team. This led to regular meetings between the leaders in E&C and groups of managers so that they could work together on the change and managers could understand the rationale for decisions that had been made.

### **Employee engagement**

Our initial role was to explore what employee engagement meant for HMRC and what HMRC would need to do to create more engagement amongst staff. We drafted the change management and engagement papers to ExCom.

As a second stage, we worked with small groups of staff to understand what engagement meant to them. In a third stage, we also instigated a programme to create bottom-up involvement in business improvement. Based on quantitative and qualitative measurement, we designed an approach using self-facilitating employee teams and local management support.

### **Evaluation**

#### ***Workforce Change***

Feedback from the group of 150 'change champions', with a couple of exceptions, was very positive. Champions felt their role was useful, they were well briefed and that managers handled the 16 November announcement very well.

93% of staff said they heard about the changes on 16 November and 70% said they had an immediate opportunity to discuss the changes with their managers.

Feedback from business units was anecdotal but Communication Partners said managers did an excellent job on the day.

#### ***'Confidence to Deliver'***

"The workshop was a good use of my time" – 89% agree/strongly agree.

86% of attendees would recommend the change management workshop to other managers

#### ***'Leading the Way'***

90% valued the sessions.

### **Lessons learned**

Change is difficult to manage in Government departments when the leaders of the department do not have full control over budgets and timing. Much of the investment in e.g. training that was promised at the same time as Workforce Change could not be delivered due to budget cuts. This has been a constant pattern at HMRC and therefore it has been difficult for them to introduce change as effectively as they would have wished.

The majority of managers at HMRC have strong relationships with their teams, and have a loyalty to their people and to the Department that means that they will try to do their best. Change programmes at HMRC need to involve front-line managers.



COURAVEL

Managers of teams going through substantial change at HMRC appreciated the fact that the organisation was trying to help them through workshops. Some simple models of change, such as Bridges' stages of transition proved very useful to them. Many had already made their own plans to help their teams adapt to change. Providing a forum in which managers could share practical, workable ideas was a real benefit.

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Change affects organisations in three ways, strategic, structural and job-related. Organisations need to be clear which types of change they are addressing and how they can help employees manage each kind of change.

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