

Legislative Council Panel on Public Service

Proposed Integration of Efficiency Unit and Management Services Agency

PURPOSE

This paper briefs Members on the Administration's proposal to:

- (a) integrate the Efficiency Unit (EU) and the Management Services Agency (MSA) into a single unit; and
- (b) seek the approval of the Establishment Subcommittee and the Finance Committee on the establishment change for the integrated unit.

BACKGROUND

2. Set up in 1992, the EU is tasked with promoting a measurable transformation in the management and delivery of public services so that the community's needs are met in the most effective and efficient manner. Staffed by a mixed team of staff with different professional and management skills, the EU focuses its efforts mainly on strategic, cross-government issues. Its role is to identify issues and opportunities, to develop and pilot solutions, and to co-ordinate and promote broader implementation within Government. The existing organisation structure of the EU is at Enclosure 1.

3. Established as an agency under the aegis of the EU in 1993, MSA's principal aim is to provide management and technology consultancy support to bureaux and departments to deliver the above reform agenda. MSA is staffed mainly by members of the Management Services Officer (MSO) grade. The existing organisation structure of the MSA is at Enclosure 2.

4. Both units have been carrying out much valuable work in support of the continuous improvements in public services, and the majority of their combined resources has been directed to serving and pursuing initiatives of individual departments. Changing demands and opportunities, however, are leading to a need to devote more of their resources to addressing issues that cut across departmental boundaries, in addition to supporting projects which are primarily concerned with individual departments. For instance, support to the implementation of E-government, major re-engineering initiatives and the provision of one-stop services to businesses and citizens often calls for cross-government solutions.

5. Increasingly, the two units therefore have to work together in joint teams in order to ensure that resources are put to the most effective use. In order to respond to the changing demands, and provide the management flexibility needed for the effective development and implementation of reform initiatives within the Government, we have reviewed whether there is room to streamline the organisation structure of the units.

PROPOSAL

6. We propose to integrate the EU and the MSA into a single unit to provide its own one-stop shop for bureaux and departments seeking to implement Government's reform agenda in enhanced productivity and improved service quality. The integrated unit will develop and co-ordinate strategic, cross-government initiatives as well as provide enhanced support to management reviews and efficiency improvement projects in individual departments.

Benefits of an Integrated Unit

7. The key benefits of having an integrated unit will be a streamlined management structure better able to respond flexibly to changing demands; and a single point of contact for senior management to support them in implementing change. The management of the integrated unit will also be better placed to define priorities and develop the approaches that have the best potential for broader application. The integrated unit will be able to offer speedier development and implementation of end-to-end solutions. Finally, we see the integrated unit being able to achieve efficiency savings through shared management and support services, and streamlined work practices.

8. The opportunity is also taken to streamline efforts by both EU and Civil Service Bureau (CSB) in the promotion of customer service culture within the civil service. The EU has since 1993 launched a series of customer service projects under the Serving the Community agenda. In parallel, the CSB has been undertaking initiatives to enhance staff awareness and to inculcate a customer-oriented service culture. To facilitate more focused and coordinated efforts, it is proposed that these customer service initiatives should be undertaken by one single entity. To this end, the CSB has agreed to take up the customer service projects from the EU and absorb the additional responsibilities within its existing resources.

Proposed Organisation of the Integrated Unit

9. On the basis of Government's reform agenda and current and future work plans of the EU and the MSA, we propose to rationalise the Unit's organisation and align resource deployment so as to provide a one-stop focus for each of the following key programmes :

- (a) **Private sector involvement:** To make better use of the skills and resources of the private sector in the delivery of public services with a view to reducing reliance on the public sector for delivering services; and bringing benefits in better services, improved efficiency and economic development.
- (b) **Departmental management review and assurance:** To build in assurance processes and identify changes that can maximise the quality and efficiency of ongoing activities through management, business and organisational reviews.
- (c) **Organisational re-structuring:** To improve management and efficiency by structuring government organisations, drawing on best practice from both the public and private sectors.
- (d) **Major re-engineering:** To improve productivity and service quality through re-engineering business processes, reviewing mode of service delivery and exploiting new technologies.

In addition, there will be two small functional teams, one for raising awareness and building support for these reform programmes and the other for developing and managing the MSO grade to support these programmes; and a finance and administrative support team. The proposed organisation structure of the integrated EU is at Enclosure 3.

Staffing Requirements of the Integrated Unit

10. After assessing the job requirements, we propose that the integrated EU should have a streamlined establishment of 92 posts, as compared to 106 posts in the existing EU and MSA, resulting in a net deletion of 14 posts. We envisage that there may be scope for better resource deployment when we gain experience in operating as an integrated unit. We therefore undertake to review the overall staffing requirements of the new unit one year after the re-organisation to assess the effectiveness of the new structure.

11. The proposed establishment of the integrated EU and the establishment change is summarised at Enclosure 4, and as elaborated below:

- (a) Upon integration with the MSA, the existing Head, Efficiency Unit (HEU) and Deputy Head, Efficiency Unit (DHEU) posts will continue to be responsible for developing, co-ordinating and overseeing Government's reform agenda to enhance productivity and service quality. HEU will henceforth have a direct control over Government's management services resources, and an increased responsibility and flexibility for ensuring the most effective use of these resources to advance the reform agenda. In addition, DHEU will take over the role of the Head of the MSO grade from the Director of Management Services (DMS), and will assume an additional role of developing and managing the MSO grade. As a result of the integration, the DMS post heading the MSA will no longer be required, and can therefore be deleted.

- (b) At present, there are 2 Assistant Directors of Management Services (ADMS) in the MSA and 1 Administrative Officer Staff Grade C (AOSGC) in the EU. There was another supernumerary AOSGC post in the EU which lapsed on 30 April 2002. Upon integration, four Assistant Directors, Efficiency Unit (ADEUs) will be required to spearhead the four key programmes described in paragraph 8 above. They will be responsible for identifying opportunities, developing initiatives and delivering results for their respective programmes. Having regard to the nature of the projects and on the basis of operational experience, we consider that the ADEUs taking charge of the private sector involvement, the departmental management review and assurance and the major re-engineering programmes will require the professional knowledge and management services experience of an ADMS. The ADEU responsible for the organisational re-structuring programme should be ranked at AOSGC in view of the policy content of the work involved. Three of these ADEU posts will be met by the redeployment of the two ADMS posts in the MSA and one AOSGC post in the EU. We propose that the fourth ADEU post in the rank of ADMS be created for one year on a supernumerary basis. The longer-term need for this post will be examined in one year's time after we gain experience in operating as an integrated unit, and in the context of the overall staffing review mentioned in paragraph 9 above.

- (c) Of the three Principal Management Services Officer (PMSO) posts in the EU and the MSA, only two will be required upon integration. They will support the ADEU responsible for the major re-engineering programme in undertaking and implementing business process re-engineering (BPR) studies and related reviews. One PMSO will take charge of those projects in support of E-government and new cross-government information technology initiatives. The other PMSO will be deployed on other major BPR projects and related reviews. The third PMSO post will become surplus to requirement, and can be deleted.
- (d) There will not be any major change in the job requirements of the existing Principal Executive Officer (PEO) post. PEO(EU) will focus on projects relating to raising awareness and building support for Government's reform agenda, including promotional programmes to impart upon bureaux and departments the need for change, and a series of conferences/seminars/training modules on various aspects of the reform agenda. PEO(EU) will also oversee the work of the finance and administrative support team of the integrated unit.
- (e) The non-directorate establishment of the integrated unit will be reduced from 96 posts to 83 posts, thereby allowing the deletion of 13 non-directorate posts.

12. To facilitate the above establishment change, we shall seek the approval of the Establishment Subcommittee and the Finance Committee on the following:

- (a) Creation of one supernumerary post of ADMS (D2) for one year in Head 142 - Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary;
- (b) Redeployment of two ADMS (D2) and one PMSO (D1) posts from Head 98 - Management Services Agency to Head 142;
- (c) Deletion of one DMS (D3) and one PMSO (D1) posts from Head 98; and
- (d) Increase of the establishment ceiling of Head 142 from \$130,651,000 by \$45,152,460 to \$175,803,460, for the creation of 72 non-directorate posts in Head 142 under the new organisation structure.

Subject to the approval of the above, we shall also remove Head 98 from the 2003 - 04 Estimates.

STAFF CONSULTATION

13. We have consulted members of the MSO grade and the Government Management Services Grade Staff Association of the proposal. We have explained to them the rationale behind the integration proposal. Staff generally see the benefits of an integrated unit for both driving the central reform agenda and offering the MSO grade greater opportunities for career development, job exposure and skill development. They also appreciate the need for the grade to respond positively to changes that will lead to greater efficiency and service enhancement, and are therefore supportive to the proposal.

14. Staff are however concerned that the proposed integration will result in the loss of the promotion post at D3 level upon deletion of the DMS post, and streamlining opportunities that may emerge will lead to a deletion of senior posts, hence affecting adversely the promotion prospect of the grade. To allay their concern on the loss of the DMS post, we have agreed to a special arrangement to provide an avenue for MSOs, if found suitable, to be promoted to the DHEU (D3) post when it falls vacant later in the year. We have explained that the proposed post deletion takes cognizance of the anticipated operational requirements of the integrated unit. This will not give rise to any staff redundancy in view of natural wastage and present vacancy position of the grade. We have also undertaken to continue to keep staff and the Staff Association posted of all future developments and to consult them on further proposals that may affect the grade.

FINANCIAL IMPLICATIONS

15. The integration proposal will bring about the following net savings in notional annual salary cost at mid-point:

	\$	No. of posts
Deletion of posts		
DMS (D3)	1,659,000	1
PMSO (D1)	1,273,800	1
Non-directorate posts	5,281,440	13
Less New supernumerary post		
ADMS (D2)	1,515,000	1
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Net Savings	6,699,240	14

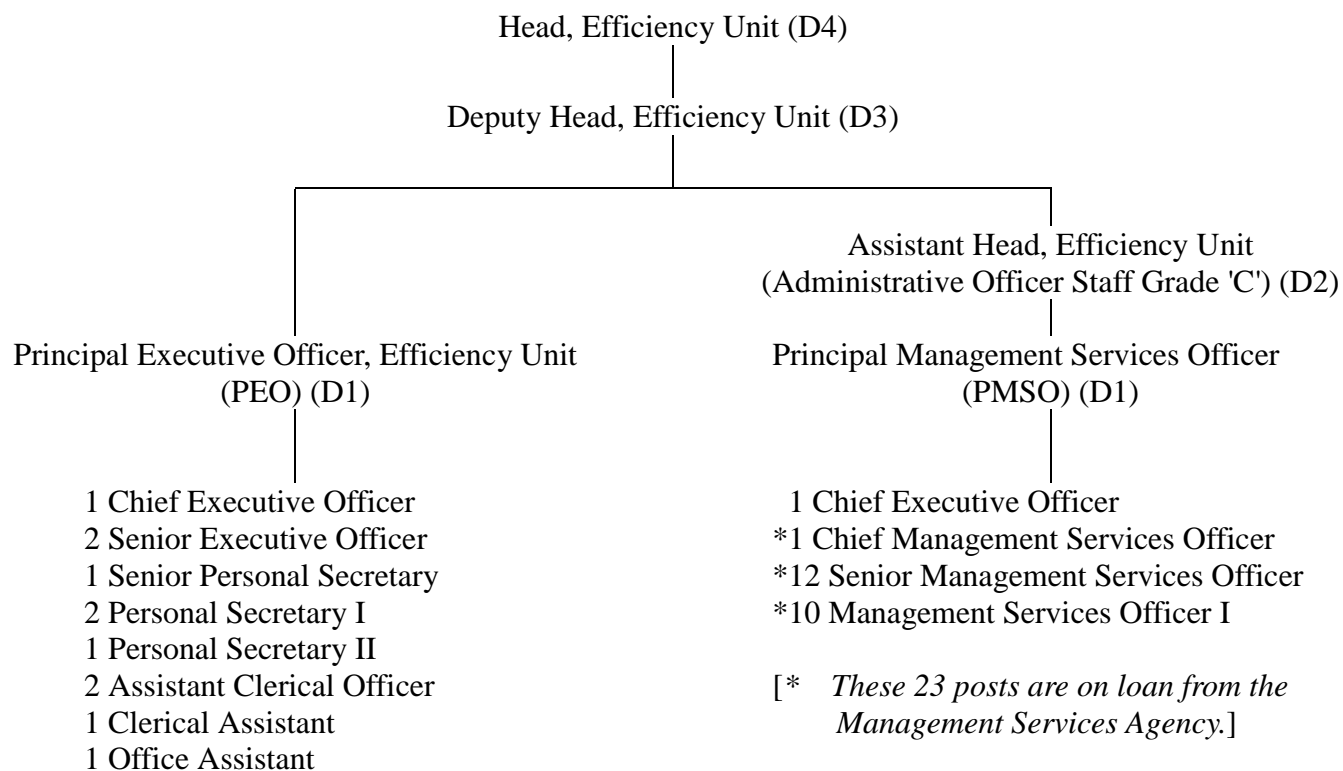
The savings in full annual average staff cost of the proposal, including salaries and staff on-cost, is \$11,095,000.

WAY FORWARD

16. Our proposed action timetable is as follows:
- (a) Seek the advice of the Standing Committee on Directorate Salaries and Conditions of Service in end May 2002;
 - (b) Seek the approval of the Establishment Subcommittee on 19 June 2002;
 - (c) Seek the approval of the Finance Committee on 12 July 2002; and
 - (d) Establish the integrated EU on 1 August 2002.

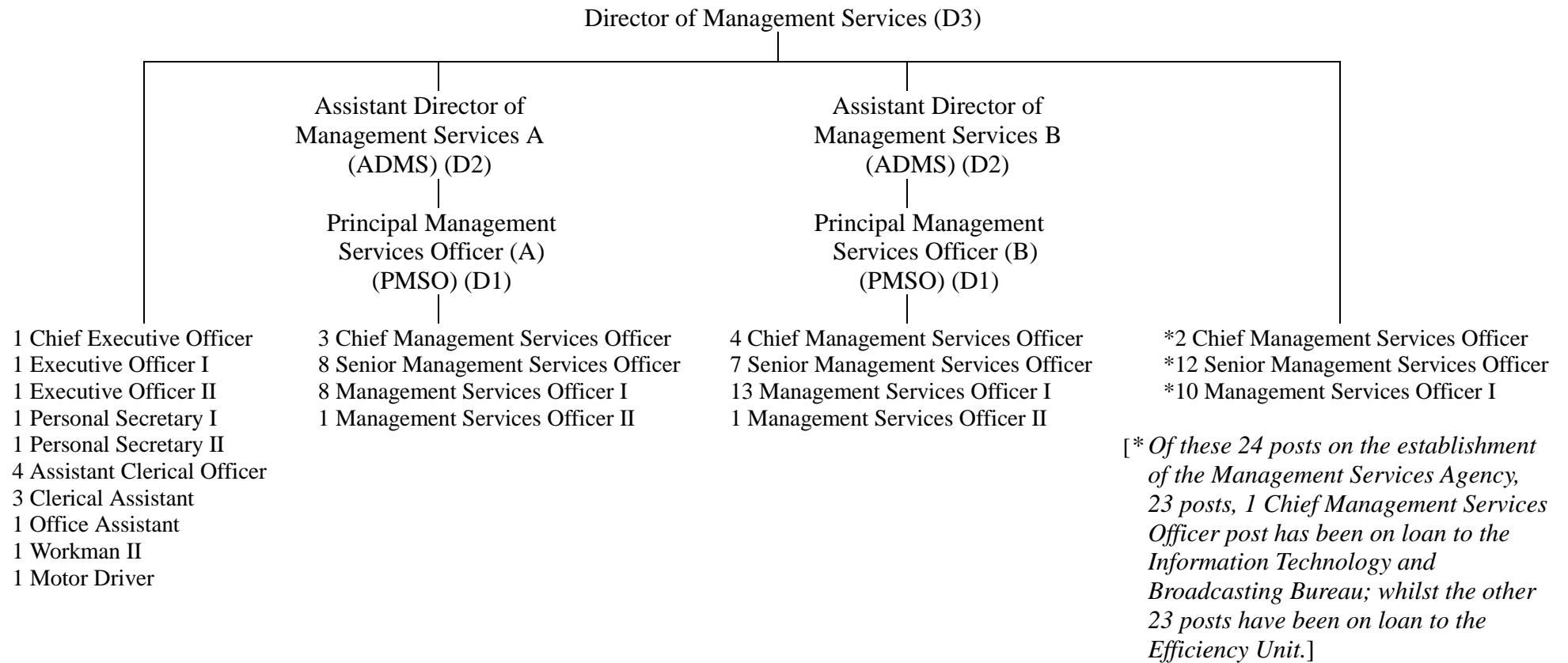
Efficiency Unit
Offices of the Chief Secretary for Administration and the Financial Secretary
May 2002

Existing Organisation Structure of Efficiency Unit



Note : Directorate establishment - 5
Non-directorate establishment - 12

Existing Organisation Structure of Management Services Agency



Note : Directorate establishment - 5
Non-directorate establishment - 84

Proposed Establishment of the Integrated Efficiency Unit

(A) Posts in the Efficiency Unit to be retained

<u>Rank</u>	<u>No.</u>
Head, Efficiency Unit	1
Deputy Head, Efficiency Unit	1
Administrative Officer Staff Grade 'C'	1
Principal Management Services Officer	1
Principal Executive Officer	1
Chief Executive Officer	2
Senior Executive Officer	1
Senior Personal Secretary	1
Personal Secretary I	2
Personal Secretary II	1
Assistant Clerical Officer	2
Clerical Assistant	1
Office Assistant	1
Total :	16

(B) Posts to be redeployed from the Management Services Agency

<u>Rank</u>	<u>No.</u>
Assistant Director of Management Services	2
Principal Management Services Officer	1
Chief Management Services Officer	8
Senior Management Services Officer	26
Management Services Officer I	29
Chief Executive Officer	1
Executive Officer I	1
Executive Officer II	1
Personal Secretary II	1
Assistant Clerical Officer	2
Clerical Assistant	2
Workman II	1
Total :	75

(C) Supernumerary post to be created

Assistant Director of Management Services	1
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(D) Proposed establishment of the integrated Efficiency Unit

i.e. (A) + (B) + (C)	92
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(E) Posts to be deleted

<u>Rank</u>	<u>No.</u>
Efficiency Unit	
Senior Executive Officer	1
Management Services Agency	
Director of Management Services	1
Principal Management Services Officer	1
Chief Management Services Officer	1
Senior Management Services Officer	1
Management Services Officer I	2
Management Services Officer II	2
Personal Secretary I	1
Assistant Clerical Officer	2
Clerical Assistant	1
Office Assistant	1
Motor Driver	1
Total	15

(F) Net deletion

i.e. (E) - (C) **14**