

Case study:

Department for Environment, Food and Rural Affairs Renew Program

Deloitte entity:	Deloitte LLP (Deloitte United Kingdom)
Client name:	Department for Environment, Food and Rural Affairs (DEFRA)
Topics:	Change management; structural review and operations; culture change; role design and reorganization
Country:	United Kingdom
Timeframe:	January 2007-June 2008
Services supplied:	Process and target operating model design; organizational change; governance and key performance indicators (KPIs); flexible staffing/resourcing; HR performance improvement
Contact:	Keith Leslie (kleslie@deloitte.co.uk)



Global Public Sector

The situation

The headline read: “DEFRA is like a dead swan. Discuss.” Printed in London’s widely circulated Times in April of 2006, it may not have been a fair assessment of the Department for Environment, Food and Rural Affairs (DEFRA). But given that the country was in the grip of a panic over the discovery of dead birds, several of which were subsequently found to be infected with avian flu, the headline may have summed up public frustrations with DEFRA. The department was seen as being slow in responding to health concerns over the dead birds and their process

for evaluating the outbreak seemed random and cumbersome. Add to this a perception that DEFRA was not adequately responding to cases of foot-and-mouth and blue-tongue disease, outcries about how flooding in the wake of massive storms may have been avoided, and a single-payer farming subsidy system that was perceived as causing more chaos than aid, it was clear that the department was having an image problem.

DEFRA’s main problems did not stem from a lack of resources. In common with most of the UK government from 2001 on, DEFRA had seen significant spending increases. The issue was the way resources were being utilized. DEFRA had the highest percentage shortfall of any government department in meeting its Comprehensive Spending Review (CSR) headcount reduction target. And organized mainly by policy, DEFRA was unable to redeploy resources as needed in response to a crisis.

Organized mainly by policy, DEFRA was unable to redeploy resources as needed in response to a crisis.

When Helen Ghosh was appointed as Permanent Secretary at DEFRA in November 2005, she saw an opportunity to reinvent the department. In 2006, she launched *DEFRA Renew* to bring the department's policy-making closer to actual delivery and create more responsive processes. Her aim was also to ensure a greater grip on finances and improve low staff morale. But moving from a traditional structure to one that was more fluid—and the infrastructure and buy-in that would be needed to make it happen—was going to be a challenge for this large department. It would need to continue meeting a diverse range of responsibilities while moving forward with reforms in an environment resistant to change.

The solution

DEFRA Renew was one of the largest and most complex reform programs ever undertaken by a department within the UK government. It required a large-scale change program to transform the way the department carried out its business activities. It aimed to create a high-performing, flexible organization that could meet key performance targets set out by the Comprehensive Spending Review as well as improve its image with the public. Leadership needed support to enable the management capability and vision required to implement these massive changes—and they turned to Deloitte United Kingdom for help.

"DEFRA's rigid structure was contributing to the perception that it was over-staffed, over-budget, and generally ineffective," says Deloitte partner Keith Leslie.

The options brought forward by Deloitte and the solution for DEFRA would need to have a broad scope, including people changes in organization, governance and performance management, process changes in policy development, prioritization and implementation, and financial and technology changes. Restructuring was needed to achieve efficiency and headcount targets, increase customer effectiveness, and build a high-performance culture. But the politically sensitive nature of DEFRA's role meant there would be difficulties in agreement over organization-wide reforms. A comprehensive change management strategy was needed and would have to encompass processes ranging from business planning and performance measurement to staff resourcing. Stakeholder buy-in was essential as the potential changes would directly impact staff jobs and roles.

1 Civil Service Live Network.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

It was critical that the Executive Board of DEFRA, supported by the change team and Deloitte, build confidence and create a platform for change that would enable the department to continue to function on a day-to-day basis. As such, in the first phase of the project—a rethinking of the operating model—Deloitte worked with DEFRA's Executive Board using a facilitative approach to the decision-making process. The operating model that was designed involved implementing a fundamental cultural change from fixed teams to a flexible resourcing model

DEFRA Renew sought to bring the department's policy-making closer to actual delivery and create more responsive processes.

where staff were assigned to specific projects for fixed periods. This would allow management to measure and build the required capabilities and competencies and allocate resources efficiently to improve overall service quality. The model was decided upon by the Executive Board with support from senior management and following employee engagement.

In the second phase of the project—organization, process, and role design—Deloitte worked with each Executive Board member (directors-general) to prepare a detailed design that would help DEFRA's management understand department goals and how to redeploy resources according to priority. A "book of principles" was developed that recommended organizational options for implementing the new processes and described how the design would work in practice. Processes were organized along portfolio management—that is, prioritizing departmental output with the ability to shift resources quickly to new priorities—and focused on performance management and building skills. This enabled policy objectives to be achieved within planned budgets through flexible staff resourcing and enhanced project management. New roles were created to support sustainable staff development and resource management in the revised model and IT systems requirements were defined for the new processes.

Deloitte supported planning and transition to the new operating model in the third phase of the project—implementation. This involved a culture change assessment and change readiness review as well as the design of an appropriate change management strategy. Change mentoring and a leadership development program were provided to the department's leadership, includ-

ing the Executive Board. By engaging staff and management at all levels, a top-down approach to implementation was achieved with change cascaded across the organization, which made it more accountable overall. New processes and mechanisms—such as approval panels for resources, business cases, and the establishment of activity and development manager roles—also worked to push the changes even further among staff to ensure a culture change and break people out of silos.

The outcomes

DEFRA Renew is widely recognized as the key enabler in DEFRA meeting required efficiency improvement targets that came out of the comprehensive review. DEFRA moved to a much more project-based approach, with fewer staff in core teams. But the crucial change focused on collaborative behavior. "The management board won't be made up of director generals with individual policy silos," Ghosh explained in an interview with *Whitehall & Westminster World*.¹

The program has allowed DEFRA to improve its responsiveness and provide better, more cost-effective solutions. It has also helped it meet new demands from the government. In the recent fiscal downturn, DEFRA was well-prepared to respond to budget cuts as its flexible structure allowed it to redeploy and reconfigure its resources more easily than most central government departments. Though some commented that DEFRA fared poorly in a recent spending review by taking the second largest cut, in reality its ministers and management team were proud of how *DEFRA Renew* helped the department reprioritize resources and have a plan and mechanisms ready for delivery. DEFRA was the first department to settle with the treasury because of this preparedness. And when DEFRA's climate change reduction team was spun out to join the energy team from the Department for Business Enterprise and Regulatory Reform, DEFRA was able to rapidly put together transition plans.

"Creating the ability to respond and respond effectively is *DEFRA Renew*'s main legacy," says Leslie. "Other departments are now asking to learn from DEFRA. It is no longer seen as government gone wrong. Instead, DEFRA is held out as an example of what government can do right."