LEADERSHIP AND MANAGEMENT/ FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

AAT Fast-Track examination
14 December 2005

From 10.00am to 12.00pm
plus ten minutes reading time from 9.50am to 10.00am

Instructions to candidates

*Answer all **three** questions*

All workings should be shown. Where calculations are required using formulae, calculators may be used but steps in the workings must be shown. Calculations with no evidence of this (for example, using the scientific functions of calculators) will receive no credit. Programmable calculators are not permitted in the examinations room.

Formula sheets, statistical tables, graph paper and cash analysis paper are available from the invigilator, where applicable.

Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.

CIPFA

1 "There's a shortage of good people in all skill areas in this industry," complained George Barker, the foreman on a building site for an estate of new houses. "I can't get enough bricklayers, plumbers, glaziers, electricians or roofers. So don't complain if we get behind schedule." He was talking to Jeanette Maler, the human resources director of the construction company he worked for. She was based over a hundred miles away in the company headquarters. "Is it a case of poor recruitment or retention?" she asked. George said that it was both.

Trying to probe the reasons further, Jeanette asked about George's management style. George became uncomfortable and told Jeanette that he had been managing building sites for twenty years and that he knew "how to manage a bunch of blokes on a job." He went on to describe how he would "tell them where the stuff is, give them the plans and tell them to get on with it. Late or substandard work would mean they would forego their bonuses. Simple as that." Jeanette asked whether or not he could pay more attention to what she called the "softer, organic" issues such as relationships at work or the cohesion of the teams that worked on site. George explained that in the building 'game' "we all have targets to meet, budgets to stick by and bonuses to earn. We haven't got the time for any of that soft stuff."

- **Requirement for question 1**

(a)   Define and distinguish between recruitment and retention.   *6*

(b)   Identify factors that might affect retention in a building site situation.   *8*

(c)   With reference to the case as appropriate, describe and contrast 'scientific management' with the 'human relations' school of thought.   *12*

(d)   Explain what is meant by a 'group' and describe how groups can increase productivity or competitiveness in either a building site situation (such as in the case scenario) or in a public service setting with which you may be more familiar.   *14*

(40)

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2 As part of the government's policy of moving some parts of central ministries out into the regions, a finance support office of 2,000 people belonging to a London-based government ministry was informed that their jobs would be moving to Northtown in the north west of England in two years' time. "It's a mix of economics, politics and gaining the benefits of decentralisation," the Minister said in a meeting with the head of the finance department.

Patsy Doyle, the leader of the Union to which most of the affected workers belonged was angry about the decision to relocate the jobs. "These are professional people who have established a life for themselves in London," she told the Minister. "My members feel unconsulted and most will not want to go to Northtown which, in practice, means that they will have to leave the service. Consultation is a crucial part of any decision of this type, Minister." The Minister explained that the case for relocating the office was based partly on the costs of both office space and staff. Many of the clerical staff can be bought in cheaper than in London and there are no shortages of work in central London for affected staff who do not wish to move. Patsy pointed out that the decision might have something to do with the fact that there were marginal Parliamentary seats in Northtown. The Minister denied this and said that it was about returning best value to the taxpayer.

"It's also about bringing central government closer to the people," the Minister explained. We already have important government functions undertaken in Scotland, the North East and Wales. We want the people of Northtown to feel the government helping them in terms of job provision and support for local services."

- **Requirement for question 2**

(a) Explain what centralisation and decentralisation mean with respect to organisational structures.   *8*

(b) Describe the benefits of decentralisation in the context of the case scenario.   *6*

(c) Describe what Patsy meant by 'consultation' and explain the advantages and disadvantages of consulting with different stakeholders prior to a major decision on staff relocation.   *10*

(d) Explain the change agent approach to change management and describe the benefits to the organisation of using an external change agent to the task of moving the department from London to Northtown.   *16*

(40)

3

As a result of the Valuing People agenda introduced in the government White Paper of 2001, Barningham City Council is planning to develop a major programme aimed at transferring people with learning difficulties from residential accommodation to community based service provision. The programme is planned to take ten years to complete, and the first stage will take the form of a pilot which, if successful, will then be rolled out on an annual basis until the end of the project.

The pilot programme has been developed by an inter-disciplinary project team working within the Social Services Directorate. Although the overall outcome is expected to yield substantial savings the project budget itself is limited. The project leader has been given the responsibility for keeping within budget and also for delivering the pilot project on time.

It is recognised that the project will have an impact upon a group of vulnerable people and that their needs and preferences must be met by the process. The project leader must be sensitive to this and project outcomes must reflect this.

An initial assessment of necessary activities and their order of precedence has been carried out and agreed by the project team. The table shown below summarises this and provides initial costings.

Table 1.

Activity	Preceding activity	Duration (weeks)	Cost of activity (£000)
A	none	6	3
B	none	7	6
C	A	4	2
D	C	15	5
E	B	3	1
F	D	4	6
G	F	7	12
H	D	4	1
I	E	10	2
J	HI	5	3
K	J	6	Nil
L	K	4	3
M	G	3	2
N	LM	6	Nil
O	N	8	7

The budget for the pilot has been set at £85,000 including £40,000 which is fixed salary costs and not included in the cost of individual activities. The project must be completed in 50 weeks.

Several options are available for consideration:

1.   Activity A can be reduced to one week, reducing the cost to nil. This activity involves consultation with people with learning difficulties.

2.   Activity D can be reduced to ten weeks, saving £3,000.

3.   Activity G can be reduced to three weeks at a net increase in cost of £2,000.

4.   Activity O can be reduced to two weeks, saving £6,000. This activity is concerned with providing support to those who have been moved to ensure that they are settled satisfactorily. Another option would be to carry this out more intensively, but this would add £3,000 to costs whilst allowing for the activity to be carried out in 5 weeks.

- **Requirement of question 3**

(a)   Construct a network based upon the data shown in Table 1 and calculate the duration and cost of the pilot project.   *6*

(b)   Identify and evaluate each of the options outlined above and make recommendations for the project plan. Show what effect your plan would have upon meeting project constraints and priorities.   *9*

(c)   A project leader must be aware of all of the criteria for judging project success and must balance them accordingly. How would this apply in a situation such as the one outlined above? What help and guidance should the project leader be looking for inside and outside the project team?   *5*

(20)