



## POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH APRIL 2010

**SUBJECT: HUMAN RESOURCES SERVICE RESHAPING PROPOSALS**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

---

### 1. PURPOSE OF REPORT

- 1.1 To provide an update for Policy and Resources Scrutiny on the re-shaping of HR Services in the context of the previous report on restructuring in 2007, and the outcomes of the Shared Service Project for SE Wales LA's. This will update on the longer-term direction of developing and deploying a changing model of delivery for the Division.

### 2. LINKS TO STRATEGY

- 2.1 HR Services provides a range of support and advisory services to the Council via both a corporate and seconded arrangement. These services assist the Line Managers in each of the Directorates to match their human resource requirements to each of the themes in the Community Strategy. There are also fundamental links to the Authority's strategy for '*Unlocking the Potential*' and the People Strategy.

### 3. SUMMARY

- 3.1 The challenge of improving the division's performance whilst embracing a change in working practices and technological advancements should not be underestimated. The recommendations contained in this report are integral to achieving a step change in service delivery. This report outlines the proposed medium term arrangements, whilst mapping out the next steps in detailing how it is proposed this will be achieved.
- 3.2 There is a wider challenge for the service to support the organisation in managing the change process on a council wide basis. All areas of the authority face challenging targets and a drive to deliver efficiency with improved service delivery to the residents of the borough. The challenge for HR is to be able to support this Organisation Development process and become a Change Champion. This report also underpins work for the service area in achieving its own financial targets in reducing its financial costs to meet the challenging budgets we face over the coming years.
- 3.1 For the purposes of this report there is no direct reference to the Health & Safety arrangements, as there is currently a separate exercise already underway to review this area of work.

### 4. THE REPORT

#### 4.1 Drivers for Change

- 4.1.1 Previous audits/reviews have identified that Personnel Services was a poor performer and

improvement required. The service delivery model has remained more or less static since LGR in 1996, and is need of updating to reflect best practice. Feedback from customers reflected the need to deliver an improved level of service. Further detailed work was undertaken with line managers as part of the SEWSS project, which CCBC managers were actively engaged in, and informed the process.

- 4.1.2 In order to achieve the changes a purposeful decision was taken in 2005 to delay the organisation, and remove the 3<sup>rd</sup> tier posts from the structure. This was to enable a more hands on role to be taken by the Head of Service in developing the capacity and capabilities within the HR teams, and allowed the process of breaking down the traditional “silo” barriers to begin.
- 4.1.3 The first phases of the changes, which included centralising the Payroll transactions and creating the corporate recruitment and HRIS teams within the service centre, was completed by late 2007. Due to the ongoing work of the JE project (which saw directorate resources seconded to the project), and the South East Wales Shared Service project, further development was placed on hold.
- 4.1.4 Recent changes to integrate our payroll and human resources systems require organisational and business process changes to follow. The software will be upgraded shortly, and this will allow manager and employee self service with inbuilt workflow. This will be key to reducing bureaucracy and streamlining processes.
- 4.1.5 It should be recognised that not all of the proposed changes will find favour with managers. Part of this process is to challenge managers to be more effective in their management of their people resources, and not perceive HR as a “crutch”. It is important that HR is able to support and develop managers capacity and capability to handle people issues to help them to be able to maximise their people resources.
- 4.1.6 The development of more robust fit for purpose processes that make the best use of available process methods and technology is fundamental to enabling managers to manage more effectively. This will enable us to reduce bureaucracy and take waste out of the systems. This in turn will allow us to deliver more cost effective services. There is no disguising the fact that, particularly in the short term, staff would be required to do more or the same with less resource; but this has to be preferable to the alternative of compulsory job losses in the medium term if the savings cannot be realised.

## 4.2 Delivery of Change

4.2.1 To meet these challenges it is proposed to that the new service should be designed to achieve the following aims:

- Deliver a timely and responsive service
- Help managers to manage
- Improve the employee experience
- Provide better information for better decisions
- Achieve more through collaboration
- Reduce costs and achieve a sustainable service
- Support Managers and Directors in their strategic people management decisions
- Effectively handle peaks and troughs in workloads in the Directorates e.g. the beginning of the academic year and when appointing seasonal workers.

Over the next 18 months the structure evolve towards that shown in Appendix 2. The proposal is that these aims can be met by reorganising the service into three related parts:

### **A Single Transactional Centre**

Within this centre there would be:

- A shared administrative support team which would undertake all bulk administrative tasks

such as payroll, CRB checks, recruitment processing.

- Manage all contractual documentation throughout the employment relationship in a “cradle to grave” approach
- A front line contact service designed to be staffed by teams who are able to provide core advice on the full range of HR queries: training, vacant posts, payroll queries, advice on HR policies.
- Management Information Services and systems support – including data and reports relating to the Workforce, Flexitime Administration, Idox record retention and equalities monitoring.
- Provision of a modern on-line service which would enable managers and employees to gain advice on HR policies, review employment details and carry out certain transactions.

### **Specialist Professional Teams**

Specialist Service teams will be created to serve across the authority. This will allow us to develop more in depth specialist knowledge in key areas across the council. The following skill sets and expertise will be developed to cover the following areas of HR work:

- Employee Relations Support
- Case Management – Discipline, Grievance, Capability, Managing Attendance
- Job Evaluation, Competency Frameworks
- Designing Pay and Reward Systems
- Recruitment
- Policy Design
- Employment Law
- Learning & Development
- Occupational Health

The quality of specialist services provided to service areas will be improved through this form of organisation and the opportunities for professional career development will be enhanced, as individual officers gain experience of working across the authority, and developing specialist skills.

### **HR Partners to support Directorate Management Teams**

Senior professional staff will continue working closely with Managers in their directorates. These staff will rely on the shared service centre and specialist teams to provide all administration, case work and specialist support. The Partners will:

- Advise senior politicians and managers on the management of change across the Council and on organization development
- Assist DMT's to identify their future workforce requirements and develop plans and strategies to achieve these goals
- Work with managers to identify resource and skill gaps and develop plans to manage these.
- Work with service managers to evaluate and improve service organisation in response to the needs of citizens.

These posts are intended to operate on more of a strategic level, having been freed from the burden of managing the transactional and case management work. They will be responsible for managing the relationship with the specialist and operational teams in a matrix management approach.

- 4.2.2 It should be recognised that the model proposed in this report builds on the work of the SEWSS project. In the report to Council on the 10<sup>th</sup> of March 2009 (and in previous reports to P&R Scrutiny and Council) it was highlighted that the model in principle was one that could be supported as indeed it is broadly consistent with CCBC's approach. However the financial business case did not make a robust enough reason for the Council to commit to the 10-authority project. It would be worth noting that if CCBC had committed to this project then only 10 professional staff would have been retained in CCBC to cover HR, Training and Health & Safety.

- 4.2.3 The Head of HR has benchmarked the proposed model both through his involvement on the Design Group of the SEWSS project and through analysis of practice across the Public and Private Sectors, including CIPFA and IDS benchmarking facilities.
- 4.2.4 This report outlines the planned structure at the end of the transition process, which it is estimated will take 18 months to be fully operational. The report also outlines some of the phases we will need to progress through before the end structure is achieved.
- 4.2.5 The end structure sees a different management structure in place (see appendix 2), which closes the large gap between the current HOS and the Personnel Manager level posts. These posts head up the 3 teams created above, and will allow the service to be managed more effectively. This will also allow for more robust succession planning arrangements to be put in place, which is in the longer-term interests of the service and authority. One of the reasons for transitioning the service in this way, and for rotating the managers into different roles, is to ensure all the managers would have an opportunity to compete for these 3 posts.
- 4.2.6 This model does alter the balance of staff that are physically located in the directorate teams (seconded model) compared to the centralised function. It is important to note though that the Partner model being closely aligned to the Directorate teams is a critical and integral part of the proposals. This is not a centralisation of the service, rather a different and more robust way of meeting customers' needs.
- 4.2.7 It should also be noted that once complete there will be 1 less management post in the organisation as part of the budget efficiency targets of the service.
- 4.2.8 A programme of communication will be developed to ensure that the organisation and its key stakeholders are kept updated on the effects of the changes outlined. This will be key to ensuring that we will be able to maintain the current service levels as we build the new service model.

#### 4.3 The next phase – April 2010

- 4.3.1 It is vital that as the service moves towards a new delivery model, the level of service to customers in the organisation (managers, staff, members) can be maintained. This has been factored into the migration plan to the new arrangements.
- 4.3.2 The "AS IS" Team:  
The plan is to relocate the administrative staff (Personnel Assts etc) from the directorate teams, to Ty Dyffryn. This will allow rationalisation and will improve the current arrangements as recognition is given to the fact that the teams will operate in a different way today, and indeed some service areas do not receive a satisfactory level of support. This team will be led by one of the Managers, and will have some professional level support to establish and manage the team. It should be noted that the relocation of this group of staff supports the co-location of the professional support.
- 4.3.3 The "To Be" Team.  
This team consist of the employees that have been seconded to the JE and Single Status Teams, and they will manage the re-engineering of how we operate the processes and working practices. The detailed knowledge that they have gained on our new Single Status agreement will be critical to this process. Expertise from the BPR resources will be sought to assist this process. This team will be led by one of the managers and will have a mixture of Personnel Officer and Personnel Asst resources.
- 4.3.4 The "Systems Team".  
This team will work with the outputs from the 2 teams listed above to provide the system driven changes and training support with the Trent software. The "As Is" team will be working on the current version of the software and the "To Be" team will be developing the new processes destined for the upgraded software with the additional flexibility. It is envisaged that

the upgrade to the software will commence in the autumn with a plan to develop the upgraded software with the self-service capability to be ready for launch to managers and the organisation in April 2011. This team will also support with the upgrades to the flexi system and Idox scanning.

#### 4.3.5 “Professional Support” Teams.

The Professional Personnel Teams comprising Personnel Officers, PPO’s and Personnel Managers will remain as the front facing face to the customer. This will not radically change the day-to-day dynamics that currently exist, and will be the same point of contact as now. The main difference will be the opportunity in the short term with the relocation of Social Services staff, to co-locate the HR staff in one area of the building in Ty Penallta. It is also proposed that the professional staff from Ty Pontllanfraith are also integrated with this team. It is envisaged that these moves would be phased between April and August according to the availability of premises. This will allow us to consolidate the consistent working practices and share the available resources to prioritise against any peaks or troughs in work demands. The teams would all have line management accountability to the HR HOS, and not to the Host Seconded Manager. This has already been achieved in Chief Execs and the Environment Directorates, and this brings consistency for this reporting arrangement.

In order to prepare for a scenario in 2011 when the new management structure comes into place, it is proposed to rotate managers to different roles. This will allow individuals to gain a different experience within a different client group or team, and prepare them to compete for the new management roles. It is anticipated that whilst the changes would be communicated in March / April, the actual physical changes would not be fully effective until June / July (when the co-location of the teams into Ty Penallta takes place). This will allow a handover period, and then the managers would all be based together allowing ongoing support from the previous portfolio holder.

#### 4.3.6 “Specialism Pilot”

As Policy and Resources Scrutiny will be aware there has been considerable pressure for some time around our levels of absence. A new Managing Attendance Procedure has just been agreed, and it is opportune to take advantage of the co-location of the Professional staff to establish a Case Management team to manage the introduction of the new arrangements and champion consistent management practices. This will be a forerunner of the specialist services to be developed later, and would underpin the drive to improve efficiencies in our absence levels. This team would be brought together with staff from across the directorates to ensure that knowledge of the client groups and current scenarios are in place. This approach is most well developed and advanced in Social Services, and it is proposed that the Principal Personnel Officer from this team leads this new team in driving this work forward. It is proposed that this team is based in Ty Penallta to work closely with the other professional staff.

### 4.4 Phase 2 – April 2011 – October 2011.

#### 4.4.1 Management Structure:

It is planned to advertise (ring fenced) the posts in the new management structure to have the incumbents appointed in time for the 2011-12 Financial Year. This will allow the managers to be actively involved in delivering and developing the new service. This will form the strategic management team of the new service model.

#### 4.4.2 “To Be” Processes – linked to Trent Self Service.

It is planned that the design work would be complete by March 2011, to allow the rollout of the new working arrangements in April 2011. This will include the access to self-service and the additional functionality available through Trent.

#### 4.4.3 Specialist Teams

The plan is to have these operational by October 2011, so that the process of establishing the enhanced service model for the organisation can begin. This should be fully embedded by the

2012-13 Financial Year when the organisation is going to be experiencing increasing financial pressures, and will require enhanced HR support.

#### 4.4.4 HR Partners

It is planned that the HR Partners would be fully operational by October 2011. It is proposed that there would be a reshaping of the customer support provided by the Partner teams. These have been realigned around key occupational groups. This would see the Education and Schools staff (approx 4000 heads) in one cluster; Chief Execs, Leisure and Environment staff in another cluster (approx 4000 heads); and Social Services (approx 2500 heads) in another cluster. These have consistency in terms and conditions, occupational issues and learning and development needs. This will also assist with the organisational challenges faced by these groups. What has yet to be specified in the plan is the level of resource (Asst HR Partners) underpinning these post holders. This will be reviewed as the model develops.

The HR Partners is a change in focus towards a more proactive and strategic support to Directors and HOS that does require development. To achieve this there will need to be investment in learning and development. This process has already begun via collaborative training through the WLGA (subsidised by the WLGA), where training has been procured from CIPD accredited trainers Develop UK (who are recognised for their best practice work in this area) to support this. All the managers have attended the first phase of this programme with HR professionals from other LA HR teams, and further training is planned once a more detailed Training Needs Analysis is complete.

#### 4.5 Benefits of the Proposed New Arrangements

##### 4.5.1 Service Benefits

The first and most important reason for remodelling these services must be to create service improvements. It is intended that the employees and managers of Caerphilly Council will get an improved HR service. The specialist HR teams will provide a scope and quality of expert support that the current set could not provide. The administrative processes will be streamlined and through good use of the best technology made more accessible and responsive.

Within the specialist and HR Partner staff there will be the potential for HR professionals to specialize in the needs of particular services such as education and social services, working directly with service managers and executive members to plan the workforce development in such service areas. As the HR function is improved so potentially will all front-line services as they get the support necessary to recruit, develop and make the best use of the employees who work for them.

##### 4.5.2 Cost Reductions

Cost reductions have already been achieved within the service. To date we have eliminated (through natural wastage), 6 posts from the Payroll and Corporate Recruitment phases of the process. The proposed new service would, after the implementation period and certainly by 2013, reduce the annual cost for the service by approximately £150k

The cost reduction will be achieved in a number of ways:

- The sharing of administrative processes and specialist teams means that a higher quality of service is provided with less staff.
- The service will provide specialist teams for recruitment and training that will be able to better manage the procurement of third party recruitment and training services. Further reports will come forward in future months looking at collaboration with our neighbours to assist this process.
- The service will manage the procurement of contingency or agency staff. A report will be brought forward on a collaborative arrangement in relation to Agency staff that will deliver efficiency savings.
- The service will manage the redeployment process for staff displaced in line with the medium term financial plan – this will avoid potential redundancy costs. This could be

developed into a quazi internal agency, which may reduce the reliance on external labour.

#### Better Opportunities for HR Staff

There is always some resistance to change and there will be concerns among staff to the new ways of working, relocation, redeployment and the provision for redundancy. There is agreement to continue working with trades unions to agree the procedures for managing change. Once implemented there is confidence that the new arrangements will provide better opportunities for staff to develop their skills and learn new specialism's. The experience of working across different client groups within the authority will allow staff to provide better support.

#### 4.6 Strategic Overview

- 4.6.1 This report both recommends centralisation and devolving of responsibilities, it is logically thought out to provide value for money. There is a need to take advantage of centralising administration for efficiency and sharing the specialist expertise, whilst being able to be more effective in supporting managers through the Partnering approach.
- 4.6.2 Managers have to manage and HR have to be true advisers or business partners in the process. That is where HR is actively productive. This is not a feature limited to Personnel in Caerphilly County Borough Council; it is common across the profession. We are however entering a new era. Our current HR staff need developing, or they will not be able to meet our future requirements. This needs to be supported in the training and development budget for Personnel. It would be wrong to suggest however that all our current employees are capable of being developed against the new requirements of their roles. We will of course need to be sympathetic to this situation and accommodate employees under our existing processes appropriately.
- 4.6.3 In order to maximise the people resources across CCBC in a difficult future scenario of and uncertainty and change for employees, the HR team need to be in a position whereby they can actively support managers and directors through the challenges at a strategic level.

### 5. **FINANCIAL IMPLICATIONS**

- 5.1.1 The changes to the management structure are self-financing, as the deletion of a management post more than meet these anticipated regrading costs. It is planned that as the changes take place within the division (including Health & Safety) that a cost saving of £150k will be delivered by 2013. These savings will be achieved in a planned manner based on the demography of the service.
- 5.1.2 Some of the budgets for the seconded staff currently sit within the directorates of Education and Social services. These have already been returned to the Core budget in the Environment and Chief Execs. These plans would require these budgets and professional accountability to sit with the Head of HR & OD.

### 6. **PERSONNEL IMPLICATIONS**

- 6.1 Details are contained in this report.

## **7. CONSULTATIONS**

- 7.1 The views of Policy and Resources Scrutiny are sought at this stage prior to the ongoing changes to the service. Members and TU's have been consulted on the previous reports that have been provided. Further consultation will be required with the employees and with relevant Trade Union representatives affected by the operational impact of the report.

## **8. RECOMMENDATIONS**

- 8.1 The proposals for the ongoing reshaping of the HR service set out in the report be noted and endorsed including the realignment of the budget resources.
- 8.2 That the title of the Division be re-named Human Resources & Organisation Development. This will form part of a re-launching of the service with the implementation of the restructuring. All job titles, e.g. Personnel Manager are changed to incorporate the HR title, where appropriate.

Author: Gareth Hardacre, Head of People Management

Appendices:

Appendix 1 Former & Current Structures

Appendix 2 Proposed HR Structure by 2012