

# Report 246/2013 Appendix A: Service Review of Human Resources

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# 1 Introduction and background

## 1.1 Background to the review

The Human Resources Team has faced significant changes over the past 4 years. In the period prior to the corporate restructure in 2010/11 the team structure was modified and posts removed and changed. The corporate restructure introduced a form of matrix management and subsequently there have been staffing and organisational changes. The rationale for undertaking this review is as follows:

- As at 1<sup>st</sup> February 2013 the HR team had two vacancies, one of which was intended to continue to be vacant for all of 2013/14 (savings proposal), the other was the Senior HR Adviser – so a review of the structure was appropriate at this time.
- Some authorities have implemented a shared service or outsourced their HR back office function entirely. Suggestions from some elected members that it would be more cost effective for Rutland to follow this route have been received. A consideration of these options is required to either make a firm fact based proposal or discount this option.
- There is some evidence that the current structure does not support staff development or provide a good return on investment for training funds. In 2012 a member of staff who achieved a qualification could not put the skills learned into use at RCC and left the organisation. Although it is acknowledged that the size of this authority limits its ability to offer comprehensive career development routes, any future structure should take staff development potential into account.
- There is a need to ensure that Council services are resilient and resources can be flexed to meet peaks in workload or to cover for staff absence through the most appropriate team structure and the best mix of skills and experience within the HR team.
- The structure must support the functions to be delivered and offer the best value solution to meet the needs of the business in its endeavour to deliver a balanced Medium Term Financial Plan.
- It presents the opportunity for consideration whether the existing HR processes are as effective as they could be.

## 1.2 Scope and objectives

The aim of the review was to:

- generate proposals to further improve efficiency, increase resilience and improve service quality;
- assess whether the current in-house delivery method is the best option in terms of quality and cost.

The scope of the review included:

- revisiting HR objectives and priorities;
- a review of team structure and management;
- an assessment of costs both relative cost and comparison with other local authorities;
- an assessment of performance levels;
- gathering and evaluating customer feedback;
- a review of key systems and procedures to assess what works well and what needs to improve; and
- a review of alternative service delivery models.

### 1.3 Approach

The approach for this review was as follows:

- Information gathering from existing team members as to their views on the structure, current ways of working, practices and procedures;
- Survey of HR customers;
- Interviews with key customers including SMT;
- Evaluation of performance metrics and comparison with other relevant local authorities;
- Benchmarking the RCC HR functions against other HR functions in a range of local Authorities; and
- Interviews/discussions with external bodies/other local authorities on outsourced or shared HR service models.

## 2 The current service

### 2.1 Team objectives

The overall aim of the HR service is to ensure that employees and management have ready access to a range of quality services which are responsive, reliable and consistent. This is achieved by providing the following:

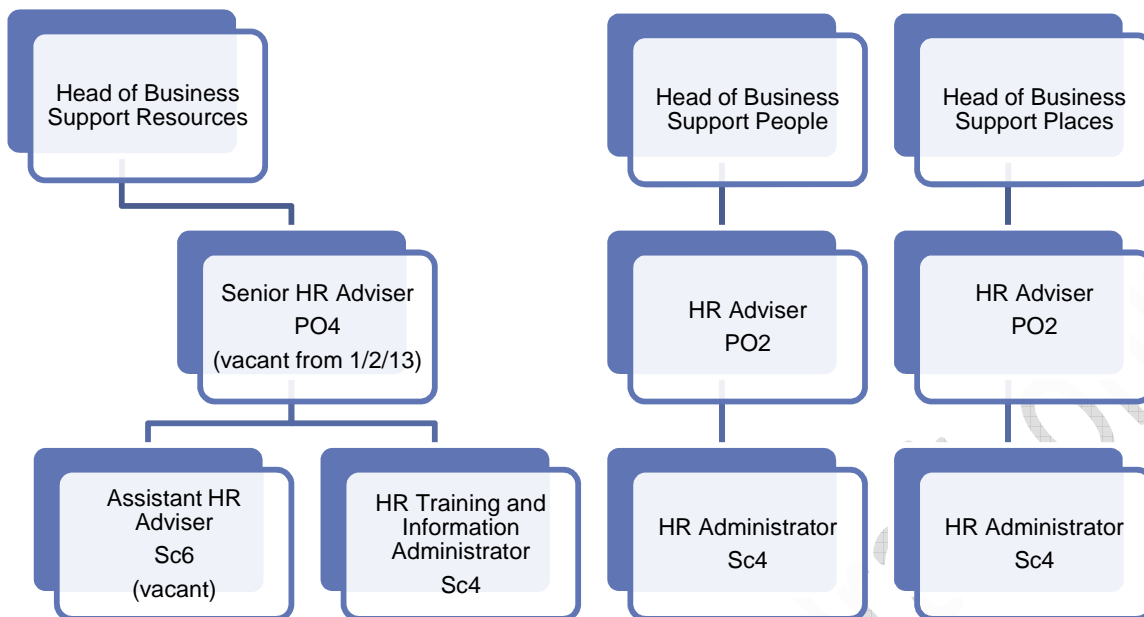
- Strategic HR advice and initiatives to the Strategic Management Team;
- Employee and industrial relations support and guidance;
- Professional HR advice and guidance for managers and employees;
- Training and Development (design, professional advice and administration) for management, teams and individuals;
- The delivery of a comprehensive One Council induction programme;
- HR transactional and administrative processes.

The Team objectives have recently been incorporated into the Resources Business Plan and are supported by performance indicators and HR priorities. The Business Plan has been reviewed by the Chief Executive and SMT and aims and objectives are deemed to be appropriate and reflect organisational need.

### 2.2 Team structure and management

Since the restructure in 2010/11 there have been some adjustments to line management and reporting within the HR team. Prior to June 2013, the team operated a matrix model where each HR Adviser 'reported' to a Head of Business Support and worked primarily for a specific Directorate. At the start of the review the Human Resources team consisted of 7 posts in the structure shown in Diagram 1 below.

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Legal guidance of HR processes is now provided by Peterborough City Council via a SLA. The Team have also recently signed up to Xpert HR which provides some supplementary legal advice and a broad range of guidance and best practice around HR strategy, policy and practice.

The current training function covers the following activities:

- collating training needs
- planning the corporate programme
- co-ordinating bookings
- evaluation analysis
- producing attendance reports

In February 2013 the Senior HR Adviser left the organisation. Since that time, one of the HR Advisers agreed to act up into the Senior HR Adviser role for the period 4 February to end April 2013 (this has since been extended until the end of March 2014 to allow this review to be concluded). During the acting up period, an agency worker has backfilled the HR Adviser vacancy created by this arrangement.

At the present time the permanent Assistant HR Adviser post is vacant and filled by an agency worker, although this arrangement was originally planned to terminate at the end of March when no further budget is available it has been extended until the end of October to ensure essential work is completed. Part of the savings for 2013/14 included the decision not to recruit on a permanent basis to the Assistant HR Adviser post, and to review the team structure before any recruitment activity took place.

The feedback from customers, SMT and HR staff regarding the structure has been as follows:

- Prior to the restructure, the Team was led by a Head of Strategic HR who was a qualified professional and this role provided high level HR advice, including legal guidance on HR processes for both senior management and the HR team. The HR Team was until recently led by a Head of Business Support who was not a qualified HR professional but this model has not facilitated strategic input to HR matters for SMT. In recent times, the Acting Senior HR Adviser has played an influential role in resolving issues from the Payroll audit, transforming the approach to training and helping SMT manage the HR risks arising from the implementation of the 2013/14 savings proposals.
- The matrix model where each HR Adviser “worked to” a Head of Business Support created several problems. The workloads of each of the three directorates are very different. The People Directorate for example require significantly more support and resources than either of the other two Directorates, simply because of the size of the Directorate; however there was no oversight of the whole service in terms of workload and planning. There was also no formal way in which the work could be managed and shared across all team members. The Acting Senior HR Adviser has addressed this issue with HR Advisers reporting into her, matrix management relaxed and workload managed across the team.
- The matrix model also led to inconsistent working practices whereby HR Advisers and Administrators had differing practices and processes for the same functions; for one storing information in a spreadsheet was logical, whilst in another sub-team a table in Word was used. The Head of Business Support were not aware of these differing practices for quite some time, so no measures could be considered to implement coherent replacements. The Acting Senior HR Adviser has now addressed this situation both streamlining and introducing consistent processes.
- Team objectives and priorities have not been established until recently. The Team now has a service plan and priorities which has allowed focus of the team’s development.
- There is a large volume of low level administrative work that could be carried out by a lower scale post than the current HR Administrators (scanning, filing, post, processing inbox and similar). Some of the administrative processes, for example those associated with recruitment, could be automated, for example the implementation of an online application and recruitment system. Similar efficiencies and improved practices could be delivered by an e-training module to replace the time-consuming manual processes currently undertaken. This will admittedly take time to implement, but there should be resultant savings and substantial increase in efficiency overall.
- The current structure of the team does not encourage staff development into qualified posts, as there is a substantial gap between the post of Adviser and that of Administrator. A more tiered structure, with a Senior Administrator post to manage other Administrators would allow for this, as well as bringing the benefit of freeing Adviser time from day to day supervision of admin staff. (NB: The Council has previously lost trained staff because of the lack of progression opportunity).

## 2.3 Costs

The costs of the HR Team have evolved over time as shown in the table below:

	10/11	11/12	12/13	13/14 Forecast
Income	(£2,100)	(£3,400)	(£5,000)	(£10,000)
Expenditure	£381,900	£284,500	£264,000	£251,500
Net cost	£379,800	£281,100	£258,900	£241,500

The costs of the HR team have reduced since the 2010/11 restructure for the following reasons:

- Removal of the role of the Head of Strategic HR;
- The Training Co-ordinator role was a separate post which included development of the training programme to meet the workforce development needs, and delivery of a substantial amount of the training programme; and
- The size of the team was reduced from 9fte to 7fte posts. This was in part to reflect the benefits of the implementation of Agresso.

Benchmarking with other local authorities has also been undertaken through CIPFA. The Council provided financial, headcount, management and survey finding information to CIPFA, and comparison information against 235 other local authorities including some unitary authorities.

The two key cost measures show that the Council has below average HR costs but is not in the lowest quartile of costs. The analysis is not shown by authority type or by delivery model (in-house, outsourced etc) but as a single tier authority with the workforce size of a district council, the results are as expected.

	Rutland	Average	Lower quartile	Upper quartile
Costs of the HR function (excluding training) as a % of organizational running costs	0.65%	1.08%	0.57%	1.21%
Cost of HR function per FTE	£732	£873	£504	£1,027

## 2.4 Performance

Performance of the HR function has been reviewed in a number of ways:

- A review of Corporate HR performance for which the HR Team contributes to but is not directly responsible for managing;
- A review of specific HR performance; and
- Customer feedback (covered in 2.5).



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### Corporate HR performance for 2012/13

	Rutland	Average	Lower quartile	Upper quartile	Comment
% staff who receive an annual appraisal	66%	83%	74%	100%	HR has led recent review of appraisal process and revisions have been made. HR oversight of completion has also been strengthened
Average working days lost to sickness per employee	8.5	9.5	7.2	11.4	Monitored quarterly and increased reporting to SMT in 2013/14 on absence analysis
% of BME employees in the workforce	1.8%	11.8%	2.5%	14.6%	Council now approved Equality and Diversity policy and action plan being implemented
% leadership posts occupied by women	67%	40%	27%	53%	
Cases of disciplinary action per 1,000 employees	5.4	13.1	4.4	16.9	Caseload is low, training for managers continues to be delivered to ensure issues are escalated where appropriate
Leavers in the last year as a % of the average total staff	15%	10.6%	7.1%	13.4%	With continued restructure and other changes, this figure is high. Results of exit interviews prepared by HR quarterly has not highlighted specific themes

Clearly, there are areas where corporate HR performance is below that expected. HR has supported SMT in tackling some of the issues but more proactive work is needed in some areas such as annual appraisal.

### Specific HR performance

The HR team provides a large amount of transactional/administrative tasks in order to support managers with functions such as recruitment and policy applications of a routine nature. More specialist advice and support is required for casework such as dealing with grievance and absence management, and supporting the planning and implementation of service reviews, all of which fall within a Business Partner role. There is also the need on a less regular basis for either advising on policy development or supporting strategic planning for the workforce and providing advice for the implementation for major initiatives which impact on staff.

Analysis of current HR performance is shown below:



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Ref	Indicator	Target	Cumulative Year to Date	Comments
HR1	Objectives are delivered within timescale to reduce risk and challenge to the organisation	Feedback from Managers = Very Good/ Good		See section 2.5 below.
HR2	Meet standards and targets within the HR SLA to ensure a high standard of service is being delivered	95% of targets met	68%	Conflicting demands on the team, increased number of FOI requests, support to a significant service review.
HR	Exit interviews undertaken prior to employee leaving	90%	100%	
HR2	Staff turnover is less than 15%	Less than 15%	8.7%	
HR3	Advice provided is prompt and accurate and enables employee and industrial relations issues to be speedily resolved without risk	Less than 5% appeals or challenges at ET	0%	No appeals held since February 2012.
HR4	Claims for unfair dismissal are successfully challenged at internal appeal and Employment Tribunal	Less than 5% of cases are lost	0%	Since 2011 there have been 4 cases referred to an employment tribunal. Three were settled before the hearing took place (at a total cost of £20k) and the fourth the Council won.
HR4	Managers are provided with updated HR policies and training to enable them to deliver HR best practice	Briefings undertaken on all updated HR Policies	100%	Briefing sessions held on Comensura system and overtime and enhancements

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Ref	Indicator	Target	Cumulative Year to Date	Comments
HR4	HR Policies are reviewed and updated	Within policy review schedule	On target within plan	Policies scheduled for Employment Committee on 5 November. Further policies developed for SMT/Union/ Member approval to complete the programme for 2013-14.
HR5	Training and development is delivered with the available budget	Within budget	Within budget	Commissioned an external provider to deliver programmes under the Organisational Development Theme. SMT reviewing quarterly report on 29 October.
HR5	Staff are able to fulfil their roles to the best of their ability through achieving the mandatory training they need	Evaluation from training very good/good		Evaluation not yet in place
HR6	Actions identified within the Agresso Development plan are delivered on time to enable effective use of the system now and in the future.	Plan is delivered. Evidence of improved efficiency in transactional activities	Working to plan	Plan has incorporated new work for revised Payroll/HR procedures. Successful completion of actions will depend on system solutions being found.
HR7	Processing of recruitment adverts following approval	Within 24 hours	100%	
HR7	Production of offer letter following authorised approval	Within 5 working days	97%	Represents 1 contract out of 30

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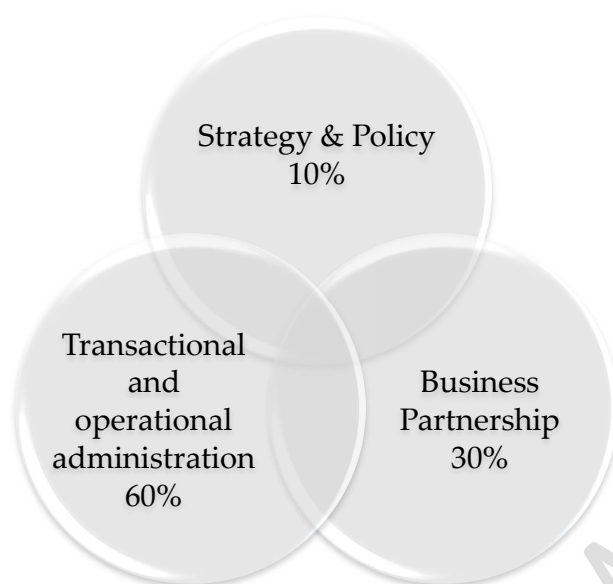
Ref	Indicator	Target	Cumulative Year to Date	Comments
HR8	Staff absence levels are reducing from the previous year	Less than 1.41 days per employee	Q1 = 1.18 Q2 = 0.94	
HR9	PDRs completed for all staff	90%		To commence for the 2013-14 cycle. Updated paperwork has been launched – drop in sessions arranged for end Oct/beg Nov. Cycle is Nov to Jan.

The key points to note on performance are:

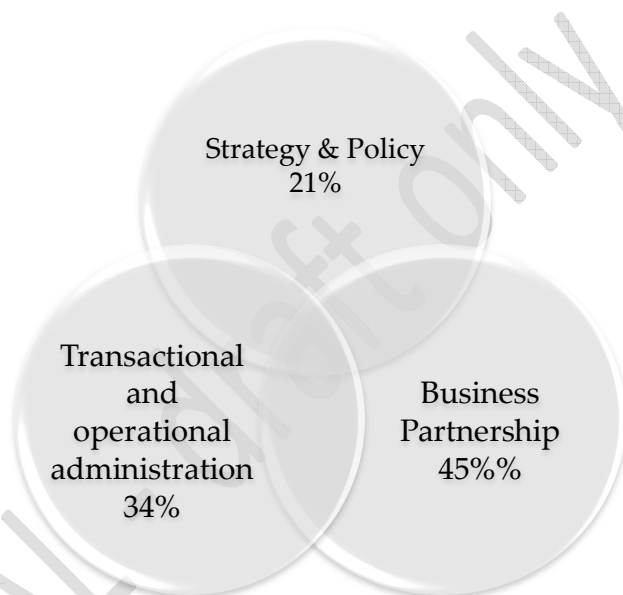
- There have been no appeals to the Employment and Appeals Committee since February 2012. This is particularly important when taken in the context that there have been several service reviews, TUPE transfers, and other employment issues during this time resulting in 1 dismissal for gross misconduct, 11 redundancies (voluntary and compulsory). All of these issues have been successfully dealt with by management with the support of HR.
- There has been a significant reduction in the number of days lost to sickness absence. At the end of 2011/12 there was an average 1.48 days per employee. At the end of September 2013 this had reduced to 0.94 days per employee.
- Staff turnover is significantly less than the target – this helps to minimise the impact on the organisation of staff leaving and the costs of recruitment.
- Recruitment activity is undertaken promptly, enabling appointments to be processed quickly.

Further analysis has also been undertaken on where time is spent. The typical distribution of tasks within an HR team compared with the distribution in Rutland is illustrated by the diagrams below.

#### Typical HR Function distribution



#### Rutland HR Function distribution



For Rutland County Council the Transactional and Operational functions are mainly performed by the HR Administrators who provide the majority of day to day support for council officers, supplying services relating to recruitment and similar which affect all staff. In addition, this tier perform the functions to keep staff file information up to date, so this would include contract changes for example, requiring updates to the employee database and preparation of written communication about contractual changes to employment. Administrators rarely become involved in the higher tiers, these functions are predominantly undertaken by HR Advisers and the HR Assistant Adviser.

The above analysis tells us that:

##### a. Policies were out of date/needed updating

During the restructure in 2010/11 all available HR resources were deployed ensuring the aims of the restructure were achieved and the substantial changes to the workforce were implemented with as little delay as possible. During this 18 month period very little policy review/update work was undertaken. The result of this was that at the start of 2012 over 50% of all key policies had not been reviewed within the previous 3 years. Resources were assigned to improve this situation as a matter of urgency and by April 2013 the situation had improved significantly, with 8 key policies completed and 17 under review or development. As at 1<sup>st</sup> September 2013, a further 11 policies have been updated and implemented and a robust procedure and timetable implemented. This covers HR policy briefings for managers, Guidance Notes for Managers and either in-house or externally

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providing training programmes The HR Team now also have access to Xpert HR – a facility which gives the Council access to template policies, procedures, guidance and advice which can be tailored quickly to Rutland's needs but also alerts the Council to key changes in legislation which could trigger a policy review.

### b. Business Partnering consumes more time than normal

The Council has been through a period of substantial change and this is still ongoing in some areas as savings projects are implemented in areas such as Democratic Services or Adult Learning. These projects carry high risk and the support of HR in strategically planning and implementing service reviews is vital.

The HR Team also spend significant time on casework such as dealing with grievance and absence management, and supporting line management. This in part also reflects the lack of understanding and confidence of managers in dealing with issues – this is an area of high priority.

### c. Administrative tasks do not occupy a disproportionate amount of time

Performance metrics to measure and report the full scope of the work of the team have been introduced during 2013 to help inform future planning. The most recent performance information (metrics) for the team is as follows:

<b>Corporate totals</b>	<b>Jul-12 to Mar 13</b>	<b>Apr 13</b>	<b>May 13</b>	<b>June 13</b>	<b>July 13</b>	<b>Aug 13</b>	<b>5 months total</b>
<b>Jobs advertised</b>	<b>65</b>						
Internal adverts placed		8	8	2	9	8	35
External adverts placed		7	7	1	7	4	26
Applications received		37	78	75	89	73	352
Contracts processed		16	24	100	32	30	202
Exit Interviews		2	5	4	2	4	17
DBS checks processed		26	65	39	29	39	198
<b>FOIs received</b>	<b>14</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>14</b>
<b>Training - days delivered</b>	<b>93</b>						
Training events taken place		3	3	3	3	9	21
<b>PDRs Received</b>		<b>76</b>	<b>14</b>	<b>4</b>	<b>16</b>	<b>2</b>	<b>310</b>
<b>Job Evaluation - posts to JESG</b>	<b>44</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>28</b>



The team spends 9% of time on recruitment, this is on an average of 4 posts in quarter 3 of 12/13 and 6 posts in quarter 4. The highest number of posts advertised over the period for which data has been collected is 15 in September 2012.

The time spent on Job Evaluation related tasks amounts to 10% of all available team resources. The number of posts is not the key factor with this element. The workload will depend on who performs the role analysis work, and how well the preparation prior to steering group meetings is done. A more consistent result is achieved where an HR adviser carries out the role analysis function, but this creates bottlenecks in the process because of lack of capacity.

## 2.5 Customer feedback

### *Customer Survey and comments*

As part of the review, HR ran a customer survey and asked respondents to score performance as follows:

- 1 – Poor service – substantial changes and improvements are required
- 2 – Sometimes ok, but sometimes service is poor and deadlines are not met, and/or information is unclear and I often have problems understanding what I need to do
- 3 – Usually ok, but I occasionally have problems which are then sorted out to my satisfaction
- 4 – Very good – no changes are needed

The survey was completed by 42 respondents and the results shown below:

Issue/question	Average score	Comments and suggestions
Job evaluation process including steering group	2.4	Takes too long and slows up recruitment There are delays because of the lack of analysts Too many instances where jobs have to be presented more than once Some questions require clarification
Support for recruitment activity	2.5	Some templates/forms need updating Need to consider online recruitment
Support with implementing capability, grievance or similar policy	3	Support is good but can depend on who the HR Adviser is
Communication and feedback	3.2	Would be useful if there was more feedback from what has gone well and not so well. Payroll issues is a good example of where it has been done well.

Issue/question	Average score	Comments and suggestions
Ability to respond to the queries raised	3.1	Usually good and advice has been sought externally in some cases.
HR website on the Intranet	2.9	This could be more interactive, have flow charts, guide managers through the process in a step-by-step way.
Corporate induction	2.7	The old corporate induction was poor but the new format is better.
Resilience of HR team – can tasks “crossover” if one person is absent?	2.6	This could be improved More online material needed to support the medium term induction ‘journey’.
Confidence in the HR team to do a good job	2.8	Depends on who is advising me but there appears to be now more consistency in approach. HR are enabling Managers to feel more confident dealing with difficult situations.
Training services and organisation	2.7	New approach to training is good with more variety of delivery.
Support for managing absence issues	3.2	More reporting from HR to managers from Agresso would be helpful.
Support for Service Reviews or Restructuring	3.4	Advice from Senior HR Adviser has been robust, some difficult changes have been managed with few issues

The results of the HR survey highlight a good degree of satisfaction with the service but also highlight some issues to be explored, namely the job evaluation process, corporate induction, communication and feedback and the use of Agresso. Some of these issues are explored in 2.6.

#### *SMT feedback*

SMT had an HR feedback session to discuss current performance levels. Feedback was very positive, comments were as follows:

- Much improved performance noted in last 12 months and in particular since Acting Senior HR Adviser in place;
- HR has been very active in helping SMT manage HR risks associated with some of the changes taking place e.g. recent restructures and there is a noticeable difference in how structural changes are being managed;
- There is a high level of confidence in the leadership of the team and quality of advice given;



- HR is working closer with managers with a 'can do' attitude;
- SMT needs more proactive support from HR on sickness, PDR reviews to highlight emerging issues; and
- HR needs to continue up-skilling managers to reduce dependency on HR for routine issues.

## 2.6 Process review

Taking into consideration the HR teams own views, ongoing feedback from managers, performance metrics and the results of the HR Survey, a review of key processes has been undertaken to identify what works well and what could be improved:

Process	What works well	What could be improved
Job evaluation process including Steering Group	<ul style="list-style-type: none"> <li>• Consistent process for all roles</li> <li>• Includes cross directorate representation</li> <li>• Union representation on the Steering Group</li> </ul>	<ul style="list-style-type: none"> <li>• Takes too long and slows up recruitment</li> <li>• There are delays because of the lack of analysts</li> <li>• Too many instances where jobs have to be presented more than once</li> <li>• Some questions require clarification</li> </ul>
Performance Development Review	<ul style="list-style-type: none"> <li>• Consistent process for all staff</li> <li>• New revised and streamlined approach in place taking into account feedback</li> <li>• LJC buy-in to process</li> <li>• Drop in sessions arranged for staff</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring information for managers on completion</li> <li>• Ensuring queries and comments are responded to and circulated to all staff</li> </ul>
Sickness management	<ul style="list-style-type: none"> <li>• Detailed policy and guidance in place</li> <li>• Current statistics show good performance</li> <li>• Some analysis of absence issues reported to SMT quarterly and in Corporate Performance Report</li> </ul>	<ul style="list-style-type: none"> <li>• HR to do more proactive oversight to give assurance that managers are delivering on policy (there are concerns this is not always the case)</li> <li>• Provision of better management information re sickness absence, via Agresso.</li> </ul>

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Process	What works well	What could be improved
Recruitment	<ul style="list-style-type: none"> <li>Detailed policy and guidance in place</li> <li>Current statistics show good performance from transactional point of view</li> </ul>	<ul style="list-style-type: none"> <li>Managers ownership of recruitment process is patchy, HR have to issue reminders</li> <li>Still difficulties in recruiting to key position – proactive insight from HR would be useful</li> <li>Investigate use of E-Recruitment</li> </ul>
Casework (disciplinary etc)	<ul style="list-style-type: none"> <li>Policies now up-to-date</li> <li>Key point of contact in place for Directorates</li> <li>Employment law advice available from Peterborough and sought</li> <li>Access to HRXpert gives access to another source of HR advice</li> </ul>	<ul style="list-style-type: none"> <li>Managers reliance on HR in some cases is too great, not enough use is made of on-line tools</li> </ul>
Training	<ul style="list-style-type: none"> <li>Training now aligned with priorities</li> <li>More focus on core skills and leadership behaviours</li> <li>Move away from single provider to wider delivery model including use of on-line training</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation of training impact</li> <li>Ownership of 'commissioning' service specific training to be reinforced into Directorates</li> <li>Explore wider use of e-learning packages</li> <li>E-training module to streamline transactional processes</li> </ul>
Induction	<ul style="list-style-type: none"> <li>Totally redesigned with more input from SMT</li> <li>Topics covered now aligned with priorities</li> <li>More frequent sessions now arranged</li> </ul>	<ul style="list-style-type: none"> <li>Investigate use of more on-line tools, including support to the medium term induction process.</li> </ul>

### 3 Alternative delivery models

#### 3.1 Drivers for change

Analysis of the current situation does not highlight a significant problem in terms of cost or performance. Nevertheless, the Council should review different delivery models offering any combination of the following benefits:

1. Improved performance;
2. Reduced costs;
3. Better management of risk; and
4. Increased resilience.

#### 3.2 Options

The Council has not undertaken a detailed review of all options but has researched options and produced a view as to whether options should be pursued further. Information on costs has been difficult to obtain particularly from outsourcing as companies were unwilling to discuss costs with detailed activity data and caseload.

1	<p><b>Retain internal team with some modifications</b></p> <p><i>Background</i></p> <p>The review has highlighted that some modifications would be needed to the structure of the current team to deliver the improvements identified throughout this review and to support the organisation in the way that is required. A strategic role would be required, to ensure that appropriate support can be provided to SMT and to continue to contribute to organisational development. In addition there would be a need to develop a more tiered structure within the team.</p> <p>This route would offer the least disruption for the whole organisation, but would still need to be managed to ensure business as usual during any changes.</p> <p>It needs to be recognised that any HR advice in respect of a restructure would have to be sourced externally.</p> <p><i>Issues</i></p> <p>The in-house team will always be vulnerable to key absences and workload pressures but there may be contingency arrangements. Organisations such as East Midland Councils offer ad hoc support for projects or to cover key gaps within the team. This could be funded from any associated vacancy savings.</p> <p><i>Costings</i></p> <p>A saving of £29,000 has already been built into the MTFP for 2014/15 therefore any changes to the structure would need to ensure this saving was delivered.</p>
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2	<p><b>Outsource some or all functions</b></p> <p><i>Background</i></p> <p>This is the practice of transferring some, or all, of the HR service provision from an in-house team to one or more external providers. There has been significant growth in this type of external provider, firms such as Capita, Accenture, Serco, Hewitt and Exult taking large chunks of HR business. These firms tend to work with big authorities and government departments. There are also smaller suppliers</p> <p>Organisations usually decide on an outsourcing option for one or more of the following reasons:</p> <ul style="list-style-type: none"> <li>• It can enable access to specialist skills and knowledge not possessed by the in-house team and which the outsourcing organisation is unable or unwilling to develop for it.</li> <li>• It can be seen as a means of achieving levels of service quality and efficiency, which, for one reason or another, are not considered to be achievable within the outsourcing organisation itself.</li> <li>• There may be an anticipation of significant savings on an ongoing basis, which is attractive to any organisation seeking to reduce its overall costs.</li> </ul> <p><i>Issues</i></p> <p>Whilst full outsourcing could work for the Council, the results for other services e.g. Legal Services have been mixed. The absence of some presence at the Council offices has at times proved problematic and there is still a requirement to maintain some in-house coverage for monitoring and quality control purposes.</p> <p>In HR terms, it should be recognised that some HR presence based at the Council offices is desirable, as managers do need to access support locally, and many simple transactional queries are resolved speedily and effectively through this route. The cost of any residual retained services would have to be built in to budgets.</p> <p>Feedback from a client of a local authority trading company indicated that savings had been made but the service provided was very basic with the self service principle operating fully with managers responsible for dealing directly with HR matters with little support.</p> <p>A neighbouring local authority took the decision to outsource all their HR after all administrative staff were first rationalised as part of their restructure, but this decision was then revoked before implementation and strategic/policy level HR remained in house while back office/transactional work was outsourced to a large private sector provider. Anecdotal feedback suggests this does not always work well with queries on transactions not being resolved promptly.</p> <p>This could work for RCC, but with such a small team separating work within the various functions is problematic. The Council could outsource specific functions, such as policy development or training, but the resource to manage these contracts would need to be present within any residual team as indicated above.</p>
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	<p>Also, where elements of work have been outsourced, e.g. policy development, it has been the tailoring work that has driven cost.</p> <p><i>Costings</i></p> <p>The Council has made various enquiries of including discussions with a local authority trading company and a company who effectively facilitate obtaining quotes from suppliers. There are companies available who can provide some support but a full specification is required. Fee structures also vary from fixed fee to fee per activity type. The local authority trading company can offer a full service but similarly a detailed specification and transaction information is needed.</p> <p>The Council has also been named in the procurement exercise being undertaken by Lincolnshire County Council for IT, Finance and HR. The procurement exercise will be completed by the new financial year and will allow the Council to directly approach the successful supplier for support.</p>
3	<p><b>Shared service with another local authority</b></p> <p><i>Background</i></p> <p>This is the practice of joining forces with another local authority, pooling resources and providing a joint service.</p> <p><i>Issues</i></p> <p>A number of local authorities have taken this route, although none of them are a particularly good match with RCC, as a small unitary authority.</p> <p>The local authorities known to have taken this route are Nottingham City shared with Leicestershire County Council, and Northamptonshire County Council shared with Cambridgeshire County Council. None of the Welland authorities share a HR service.</p> <p><i>Costings</i></p> <p>It is very early in the life of such arrangements and therefore any conclusions drawn could be premature, the risk of making recommendations based on these early stage results is difficult to quantify. The proposal is that these arrangements are closely monitored and looked at again in 12-18 months time, when further information will be available.</p>

## 4 Conclusions and recommendations

### 4.1 Summary of findings

- a. The HR Team have a Business Plan that reflects the needs of the organization;
- b. The matrix management and flat structure did not work in terms of team management and the introduction of a Senior HR Adviser has made a significant difference in terms of workload management and consistency of practice;
- c. The HR Team is being led by a HR professional who has had made a significant contribution to strategic HR matters but this is an interim arrangement;
- d. There are some administrative tasks that could be eliminated through restructuring roles and a more tiered structured would allow for staff development;
- e. The HR Team has reduced costs over the last few years and is below average cost compared to other local authorities;
- f. There are corporate HR issues which require HR support and more proactive support in future;
- g. HR have spent significant time on policy development because of a back log but this has now been addressed;
- h. HR spend substantial time on business partnering activity given the nature of the Council's business but more work is needed to up skill line managers;
- i. HR performance metrics show good performance;
- j. HR customer feedback is good although there are some areas that could be improved;
- k. Core processes are working satisfactorily but there are areas which could be improved;
- l. There are alternative options available to the Council;
- m. It is difficult to get a view on whether costs could be reduced without undertaking more detailed work.
- n. As the Council needs to make savings and increase resilience, it would be sensible to look now at what elements of work may be suitable for external provision – this would provide some flexibility and contingency.
- o. Before considering shared services or outsourcing, the Council would need to:
  - put together a detailed specification;
  - determine what type of Human Resources function best suits it needs going forward. Whether this is a simple back office support function, with all more specialist functions bought-in on an "as required" basis, or managers provided with the most basic support as we work towards a fully self service model, or whether the current situation where managers expect, and largely get, a high level and quality of HR support best suits the needs of the organisation.



## 4.2 Recommendations

1. Retain all HR services in-house at RCC subject to comments below but remain open to any opportunities for sharing or outsourcing should they arise.
2. Introduce a more strategic post into the team through the creation of a Head of HR with this post reporting directly to the Director of Resources.
3. Ensure that the postholder has a remit for strategic involvement/engagement and that reporting lines are clear.
4. Develop a team structure that addresses the issues identified by this review.
5. Allocate assigned tasks and functions within the team, according to skills and capacity as this will encourage staff flexibility and development, and creating resilience within the team. Whilst some alignment to Directorates is beneficial in terms of getting an understanding of the business of that directorate, 100% alignment of work streams is restrictive.
6. Consider possibility of outsourcing/using external support for some elements of work where additional capacity is needed on a short term basis for corporate projects, using an organisation such as East Midlands Councils.
7. Continue to maintain the momentum with the review of the key processes that currently cause problems or have resulted in adverse survey results and implement improvements.
8. Continue to maintain the momentum with the team plan and Business Plan/Report so that the service can deliver team objectives, support directorate priorities and organisational aims.
9. The up skilling of line management is considered a HR priority and that this is delivered through the core training programme.

The above proposals are intended to realise the following benefits:

- Increased resilience with the team structure;
- Better cover across the functions without any silos; and
- Increased capacity to carry out all the functions that belong within the HR team function.