

# RESOURCES SCRUTINY PANEL

7<sup>th</sup> November 2013

## HUMAN RESOURCES SERVICE REVIEW

Report of the Director of Resources

STRATEGIC AIM:	<b>All</b>
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### 1. PURPOSE OF THE REPORT

- 1.1 To present to the panel the findings of the Human Resources (HR) Service Review.

### 2. RECOMMENDATION

- 2.1 **That the panel considers the findings of the service review and provides feedback to the Director of Resources.**

### 3 BACKGROUND

- 3.1 During 2010/11 the Council was faced with a financial challenge to reduce its net expenditure in response to the significant reductions in funding from Central Government.
- 3.2 As such, two reviews commenced that had a material impact on Council employees:

- Organisation wide restructure
- Changes to terms and conditions

Both of these reviews were supported by the Council's HR Team and concluded in late 2011.

- 3.3 As a result of these reviews a small number of employees appealed to the Council against their dismissal on the grounds that it was unfair. Of the 16 cases that went to appeal, 14 of them were either partly or fully upheld.
- 3.4 Following this, members of the Employment and Appeals Committee (some of whom are also members of the Resources Scrutiny Panel) raised some concerns about the support that HR had provided to the review process and the quality of advice given.
- 3.5 In response to these concerns, and some changes in personnel in the team, a formal review of the HR service commenced in February 2013.

## **4 PURPOSE OF THE SERVICE REVIEW**

**4.1** The full service review report is shown at **Appendix A**. Section 1 sets out the full scope and objectives of the review but in summary the purpose of the review was to:

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

The approach included:

- gathering information from HR team members;
- the completion of a customer survey;
- interviews with key customers including SMT;
- review of performance data, core processes and benchmarking of the function against other Local Authorities; and
- initial investigation of alternative service delivery models

## **5 FINDINGS OF THE REVIEW (Sections 2 and 3 of Appendix A)**

**5.1** The HR performance metrics show good performance against our own targets and in comparison with other Authorities.

**5.2** There have been areas of significant improvement in performance, for example days lost to sickness absence. At the end of 2011/12 there was an average 1.48 days per employee per year. At the end of September 2013 this had reduced to 0.94 days per employee.

**5.3** Costs have significantly reduced over the last three years and are below average in comparison to other Authorities.

**5.4** Customer feedback and core processes are generally good but there are some areas where improvement is needed, such as job evaluation, automating recruitment processes, better management information in respect of sickness absence.

**5.5** The interim team management arrangements are working well. The Acting Senior HR Adviser has made significant improvements to the service delivered and the quality of the advice given.

**5.6** There are alternative methods of service delivery available, but based on the findings of the review there is not enough compelling evidence to suggest that they would a) deliver significant savings or b) improve the quality of the service. The HR service is already below average cost and performance is good. Furthermore, to fully investigate these options a significant amount of time and resource would be needed to develop a detailed specification and decide exactly what type of HR function is needed longer term.

## **6 RECOMMENDATIONS OF THE REVIEW (Section 4 of Appendix A)**

- 6.1** Retain all HR services in-house at RCC subject to comments below but remain open to any opportunities for sharing or outsourcing as and when they arise.
- 6.2** 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. Ensure that the post holder has a remit for strategic involvement /engagement and that reporting lines are clear.
- 6.3** Develop a team structure that addresses the issues identified by this review. 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.
- 6.4** 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.
- 6.5** 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.
- 6.6** 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.
- 6.7** The up skilling of line management is considered a HR priority and that this is delivered through the core training programme.

## **7. RISK MANAGEMENT**

<b>RISK</b>	<b>IMPACT</b>	<b>COMMENTS</b>
<b>Time</b>	<b>Medium</b>	The current arrangements are working well but they are only interim arrangements and certainty needs to be provided to the team.
<b>Viability</b>	<b>Low</b>	No issues identified.
<b>Finance</b>	<b>Medium</b>	Changes to the structure must take account of the savings already built into the MTFP.
<b>Profile</b>	<b>Low</b>	No specific issues relevant to the community.
<b>Equality and Diversity</b>	<b>Low</b>	There are no direct issues arising from this report but a full impact assessment will be required in respect of any restructure that may follow.

**Background Papers**

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.