



Report of the Corporate Director of Resources

HR Review Update

RECOMMENDATIONS

- 1.1 Note the contents of the report.
- 1.2 Approve the reduction in staffing to fund the savings target.
- 1.3 Approve the revised staffing structures for the newly configured HR service.
- 1.4 Approve early implementation of the new structures on 1 October 2009 to generate savings to cover exit costs.

SUPPORTING INFORMATION

Objectives of the HR Review

- 2.1 To deliver £250k savings by April 2010.
- 2.2 To improve the service and facilitate managers managing their staff more effectively. We aim to do this by:
 - reconfiguring the HR service into three elements, an Employee Service Centre, Corporate HR and smaller Departmental teams
 - improving tools and guidance for managers via a new HR intranet site
 - making better and greater use of IT in existing and new systems
 - moving towards manager self-service in recruitment, e-forms and absence notification
 - developing a performance management framework for the management of casework.

Progress

- 3.1 The progress against plan is, overall, on track for the savings to be made from April 2010. The new service is planned for 1 October 2009 rather than September 2009. The go live date has changed to ensure enough time to resolve staffing issues and because communication about changes in service provision will be more effective in September than August.

- 3.2 In January 2009, the HR Review Board agreed the proposed structures for the new HR Service. These structures were also agreed at Departmental management team meetings.
- 3.3 The proposed structures are expected to generate £220k of the required £250k savings target.
- 3.4 The proposed structures are attached in Appendix 2 and constitute a reduction of 14 FTE from our current HR headcount.
- 3.5 Work on disaggregating non-staffing budgets has started using the zero based budgeting principles agreed by Chief Officers in 2008. It is hoped that further savings will be identified from these budgets.
- 3.6 Further savings will be generated by a reduction in advertising spend estimated between £50k and 100k. A decision on how to realise these savings will be the subject of a paper to Chief Officer Group in March 2009. Other savings are anticipated from the introduction of our new e-recruitment system. We are currently establishing a business case in relation to the introduction of a self-service style travel and subsistence claim system.
- 3.7 Non-cashable benefits have been captured and are being presented at the next HR Review Board meeting in March 2009.

Future activity

- 4.1 More engagement with key stakeholders, managers and partners will take place between March and October to inform on service developments around manager self-service and the introduction of service level agreements for the new service.
- 4.2 We have agreed the process of populating the new HR structures with the trade unions and this is due to be completed by the end of June 2009.

Risks and Dependencies

5.1 Accommodation

The start date for the ESC is scheduled to be 1 October 2009. To work effectively, the ESC team must be located together from this date. Accommodation for the ESC was dependent on securing decant space associated with the refurbishment of the Council House. The decision to put on hold the refurbishment has meant that the ESC cannot become part of the decant process and must find suitable accommodation independent of any decanting from the Council House. The cost of the move was going to be met by the decant and now costs associated with finding accommodation for the ESC will have to be met from the savings, unless the decant goes ahead.

IT and Systems

- 5.2 There are a number of IT related risks and dependencies including the delivery of the new payroll system, absence module and e-recruitment module. Each of these has issues associated with access, training and roll out to managers. The absence module will not be available in the spring for testing as previously reported. It is not anticipated that this will impact on the overall timetable.
- 5.3 Business cases are currently being developed to support further systems implementation in the areas of electronic data record management system - EDRMs for personal files and the travel and subsistence claim system mentioned above. The systems development needs to be co-ordinated with dependencies and interfaces fully understood.

Exit costs

- 5.4 The savings do not take account of the associated exits costs of the head count reductions, that is redundancy, pension, pension strain or grade protection. At present, it is not known how exactly much the exit costs will be, however, the estimated cost is £250k.
- 5.5 These costs will be met from under spends in 2008/9 and the shortfall will be met by introducing the revised structures ahead of the April 2010 deadline in October 2009. Any exit costs over and above this will have to be met from the savings generated by the review.

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Background papers:

None

List of appendices:

Appendix 1 Implications

Appendix 2 Revised HR structures

IMPLICATIONS

Financial

- 1.1 The implementation of the new structures will result in significant changes to budget allocation in both Departments and Corporate HR. The cost of the HR staffing budget across the Council will reduce by £220k if the new structures are approved. These savings will contribute towards the £250k savings target, which has to be found in HR by April 2010.
- 1.2 The new ESC service will have its own budget under the AD for HR. Non staffing budgets are also subject to review and this is likely to result in significant changes in the allocation of budgets.
- 1.3 Staffing budgets and saving predictions have been made by costing at the penultimate point of the grade.
- 1.4 Both the final budget movements between departments and the earmarking of under spends for exit costs will need Cabinet approval through financial matters.
- 1.5 Further work is being done to confirm the current budget provision for those posts included in the HR Review.

Legal

2. The main legal pitfalls of re-organisation activity associated with the HR review are . . .
 - Failure to consult. Where 20 or more employees are made redundant within a 90-day period a section 188 notice must be issued to the relevant trade unions. If this isn't followed then protective awards of up to 90 days pay can be awarded to each affected employee. It is not clear if the HR review will trigger this statutory duty but a section 188 notice has been issued. The duty requires that meaningful consultation with the Trade Unions take place. Consultation with the HR community and the Trade Unions about the structures and staffing proposals have been undertaken and suggestions taken on board where possible.
 - Unfair dismissal/unfair selection for redundancy. Redundancy is one of the potentially fair or valid reasons to dismiss employees. The staffing proposals, which outline how the new structures will be populated, have been discussed and agreed with the trade unions. Checks and balances have been introduced to the process to ensure it is fair and transparent.

Human Resources

3. The new HR structures contain 14 FTE less than the current HR structures. Compulsory redundancies are a likely consequence of these proposals. However we aim to reduce the number of compulsory redundancies through:
 - the HR vacancy control procedures in place since March 2008
 - voluntary redundancies
 - redeployment.

The staffing of the new structures maximises the potential number of people that can be slotted in which should reduce the anxiety of the process for many HR staff.

Equalities Impact

4. During the review we are mindful of the equalities impact we have in terms of service provision and the re-organisation of our staff. An equality impact assessment will consider both these aspects later in the year.

Corporate Priorities

5. The HR review and the savings that it will generate link directly to the achievement of the Corporate priority of providing value for money for our customers. Reviewing what HR do and how we do it will result in service improvements to the service and cost reductions.