



Report of the Corporate Director of Resources

HR Review Update

RECOMMENDATIONS

- 1.1 To note the contents of this report.
- 1.2 To approve revisions to the timetable and implement the new structures in a phased approach from 1 September to 1 November 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 through 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 savings target of £250k will be exceeded and we are currently estimating year-on-year savings of £370k.

- 3.2 The overall status of the project is currently agreed by the HR Review Board to be Amber. This means that while the two overall objectives of the review will be met, some aspects of the systems that will lead to improvements in service will not be delivered by 1 November and less efficient “workarounds” will be required until the automated systems can be brought fully on-stream.
- 3.3 The following elements of the improvement plan are behind schedule:
- manager access to vision – it’s expected that around 30% of managers will have access to VISION by 1 November
 - the new e-recruitment system, Recruit Active, due to go live 1 November, is likely to go live in December 2009 or January 2010
 - upgrades to payroll and absence are due to go live 1 October however this schedule is now being reviewed in the light of late delivery from the supplier
 - developing a performance management framework for the management of casework.
- 3.4 Since the update in April 2009 these milestones have been achieved:
- accommodation for the ESC has been finalised – Council House 2nd Floor
 - the new structures have been staffed up – with only two potential compulsory redundancies identified.
 - in July, Cabinet approved funding for the unfunded one-off costs of the HR review, estimated at £250k, will come from the Transforming Derby reserves.
 - new work previously out of project scope has been accommodated. The introduction of electronic records for personal files is on track for 1 November and will contribute significantly to reducing the space needed by the ESC and the efficiency of the new HR service.
- 3.5 In June 2009, the HR Review Board approved revisions to the timetable, which moved the go live date from 1 October to a phased implementation starting on 1 September 2009 and ending on 1 November 2009.
- 3.6 The rationale for the timetable change were as follows:
- The development of the e-recruitment system is behind schedule
 - The payroll and absence system upgrades are due to go live on 1 October – our undivided attention is needed to ensure a smooth transition is achieved.
 - The timetable for getting the accommodation for the ESC is tight – the timetable needed extending to ensure all work, IT and telephony systems are in place ready in time.

Future activity

- 4.1 Service specifications are being drawn up in each of the component parts of HR, the ESC, Corporate HR and Departmental HR teams. These documents will be used to communicate the service being delivered to managers and employees.

- 4.2 Communication of the changes is ongoing and future activities are planned around advising managers and employees about the changes in the HR service.
- 4.3 Resources for managers include training on the new systems, VISION and Recruit Active and an improved HR intranet site.
- 4.4 Work is underway to close down this project and ensure that the lessons learned are captured. Following the outcome of the DECATS process, work will start on the set-up of a new project which will deal with phase 2 of the HR Review, which will bring about the full integration of the service.

Risks and Dependencies

ESC Accommodation

- 5.1 The implementation is to some degree dependant upon the accommodation for the ESC being made ready, this includes the installation of 'desk top' IT and telephony systems.

Systems

- 5.2 These are the key systems issues in the HR Review.
 - Upgrades to absence and payroll module on VISION. Currently behind schedule by up to six weeks. Key risks are around the impact the delay has on the systems team's ability to deliver manager access to VISION and contribute to the delivery and implementation of Recruit Active. An assessment of the delays on implementation dates is underway.
 - Development and implementation of Recruit Active – e-recruitment system behind schedule by four months. Risks are around the supplier delivering an acceptable product to the agreed timetable and the ESC being able to maintain a recruitment service with reduced staffing until the system is delivered. A business continuity review is underway to ensure that the recruitment in the ESC maintains a recruitment service until the e-system is delivered.
 - Roll out manager access to VISION – behind schedule by four months. A data cleanse and verification exercise largely accounts for the delay. There are a number of managers, estimated at 20%, who are not on the main Council IT network; access for these people is not straightforward and access to VISION is unlikely this year. The risk is that roll-out will cover less managers than anticipated requiring the ESC to have two systems in place to service managers – one for those with access and one for those without. Again a business continuity review is underway to ensure that the ESC maintains the service until manager access to VISION is delivered to a significant proportion of managers. A review of those not on the main network is planned in early September.

Overall risk

- 5.3 The planned improvements on systems that facilitate managers managing their staff more effectively are behind schedule. This will not impact on the phased implementation of the review or the achievement of the savings target.

For more information contact: Laura Jones on 01332 25 5585 e-mail laura.jones@derby.gov.uk

Background papers: None

List of appendices: Appendix 1 - Implications

IMPLICATIONS

Financial

1. The savings target for the HR Review was set at £250k. A review of our advertising methods during the review identified up to £89k of savings could be made. It was agreed at COG in June that if the savings target in the Review was not met HR would have first call on the savings from advertising to meet the target. However if the target was met the savings would go to the Transforming Derby reserves.
2. The new ESC service will need its own budget under the AD for HR. Work on disaggregating non-staffing budgets is still ongoing using the zero-based budgeting principles agreed by Chief Officers for the review in 2008. It is hoped that further savings will be identified from these budgets. The project accountant is preparing a report to Cabinet in September that details the revised non-staffing budget allocation in HR.

Legal

3. 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. Consultation with the HR community and the Trade Unions about the structures and staffing proposals was undertaken and suggestions were taken on board where possible. In any event only two people have been identified as being at risk from compulsory redundancy. Failure to consult is not, therefore, a risk.

Unfair dismissal/unfair selection for redundancy. Redundancy is one of the potentially fair or valid reasons to dismiss employees. The staffing proposals outlined how the new structures would be populated and were discussed and agreed with the trade unions. Checks and balances were introduced to the process to ensure the process was fair and transparent. There should therefore not be any claims under these headings.

Human Resources

4. The new HR structures contain 14 full-time equivalent posts fewer than the current HR structures. The following steps were taken to ensure compulsory redundancies were minimised:
 - HR vacancy control procedures in place since March 2008
 - Voluntary redundancies – five were approved
 - Redeployment – two HR colleagues have been successfully redeployed

Equalities Impact

5. 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 is planned later in the year.

Corporate Priorities

6. 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 does and how we do it will result in service improvements to the service and cost reductions.