

Derbyshire County Council

CABINET

11 October 2018

Report of the Strategic Director Commissioning, Communities & Policy

Review of Organisation Development and Human Resource delivery model to support the Council's strategic priorities (Council Services)

1. Purpose

To seek Cabinet approval on proposals for reviewing current Human Resources (HR) structures across the Council to create a single Organisation Development (OD) and HR function that:

- Has capacity to help deliver the staffing changes needed to achieve the budget reduction programme over the medium term
- Has capacity to support the transformational change required to become an Enterprising Council.
- Provides an efficient and business focussed support service on all people management issues across Council.
- Delivers identified budget savings across OD and HR by 2019/20 with potential opportunity for further savings.

2. Information and Analysis

2.1 Background

The Council requires an OD and HR service with the capability to:

- Ensure all elements of 'people' management within the Council support transformational change and a 'whole Council' approach
- Develop and implement the behaviours and competencies necessary for culture change.
- Manage the risk and anxiety generated by change within the existing workforce across the Council.
- Ensure we have a workforce of the right shape/size and skill set now, and in the future
- Cultivate an environment which attracts, retains and develops talent
- Maintain the Council's reputation as a fair and transparent employer, resilient to scrutiny.

The current HR structure and operating model has evolved over a number of years. The last major realignment of HR in 2008 centralised all transactional matters relating to HR and Payroll. All other strategic HR activities remained in departments overseen by a HR Service Partner. The model required managers to be responsible for managing all aspects of their staff allowing HR to act in an advisory capacity. To

enable this to happen the 'Derbyshire Manager' was introduced. Whilst this vision has been achieved to some degree, further work is still required to create the right environment for managers to be able to manage within this model. The Council needs a modern and diverse workforce which is engaged, well managed, skilled and motivated to take on new and innovative roles as we move towards being an enterprise Council.

The Council will continue to be focused on understanding and meeting customer needs but it will be leaner, intent on reducing costs whilst maintaining quality and at the same time sustaining high performance. However to achieve this OD and HR needs to be focused, not only supporting departments with core activities such as HR casework support, advice on appropriate staffing structures and any associated staffing changes and reductions, but also focused on continuing to develop the Council's strategy around its key resource – staff. Given the Council's new operating model, strategic priorities and ambitious programme of transformational change in becoming an Enterprising Council, it is critical that the OD and HR service is structured in a way that supports this.

In March 2017 the Director of HR and Assistant Director of HR posts were deleted and replaced with the Director of OD & Policy in April 2018 (in addition to OD and HR, this post also assumed responsibility for Policy and Research, Communications and Call Derbyshire).

The existing HR operating model, although there have been some improvements in the last 12 months, requires further development and will also need to be fit for purpose to implement the new Council constitutional and delegations changes that will be introduced over the next 6 months. Given the above, it is considered an appropriate time to review the Council's priorities for OD & HR, and subsequently the whole structure, to ensure it is aligned to support delivery of the Council's priorities.

2.2 Current Model

HR services across the Council are currently partly managed and delivered within service departments, and partly by Central HR within Commissioning, Communities and Policy. HR Service Partners (except for CCP) have a solid reporting line to their Service Strategic Director, and dotted line to the head of profession, the Director of OD and Policy. HR Service Partners are brought together to lead the strategic OD and HR approach, agree HR policy and consistency of policy application by way of a Strategic HR Group which meets fortnightly and is Chaired by the Director of OD and Policy. In addition, the Director of OD & Policy meets all HR Service Partners four weekly to try to ensure oversight of a consistent and fit for purpose HR service delivery as Head of Profession. The current OD and HR structure across the Council is set out in Appendix 1. The benefits of the current approach and structure are perceived to be that:

- HR services are service focussed, with strong local knowledge
- Decisions made more quickly and closer to the users of the services
- There is greater understanding of and tailoring to the service context.
- Strong relationships are in place between Departmental HR teams and the services they support.

However, the challenges include:

- Inconsistency with the 'one Council' approach
- Less effective alignment of OD and HR activity to the Council's strategic priorities and reduced strategic oversight due to the devolved model and recently reduced strategic capacity.
- Less opportunities for collaborative working and co-design of policy, process and practice.
- Increased duplication of activity and potential diseconomies of scale.
- Reduced transparency across Departments.
- Greater potential for inconsistent practices.
- Inability to quickly respond to changes in Council priorities or workload, due to inflexibility in how OD and HR resources are allocated
- Director of OD and Policy unable to direct the work of and hold to account non CCP HR Service Partners to deliver on Council OD and HR priorities.
- Not all HR Service Partners benefit from professional HR line management.

2.3 Proposal

Given the context and environment in which the Council is now operating and for all the reasons set out above, it is recommended that OD & HR are brought together into a single Council structure as set out in Appendix 2.

It is proposed that this is undertaken in two phases. The first phase will introduce a new role of Head of Human Resources (HR), reporting to the Director of OD and Policy.

The Head of HR would lead the HR operational service across the Council. 'Solid' reporting lines for each Departmental HR Service Partner (Grade 15) would move from the Departmental Strategic Director to the Head of HR. A dotted reporting line would remain between the HR Service Partner and the relevant Strategic Director. The line manager arrangements and the budget transfer to CCP would take effect once the new post holder was in post.

The existing HR Service Partners (grade 15) OD and Workforce would continue to report to the Director of OD and Policy until the review is completed.

Other than the change in reporting lines, initially departmental HR structures would remain but would ensure more flexibility in deploying resource across the Council where needed. This change in reporting arrangements would allow the Director of OD & Policy to gain greater understanding of activity undertaken by each departmental HR team in order to reduce duplication of activity across the Council, understand how the budget is spent and enable direction of the work within these teams to improve efficiency and consistency whilst the review is being undertaken.

The second phase will be to undertake a review of the existing HR structures, taking into account the OD and HR priorities and functions determined by the Council to support the delivery of the Council priorities going forward. This review would be led by the newly appointed Head of HR, under the direction of the Director of OD and

Policy, and will provide capacity to ensure the review was undertaken in a timely way. Consultation with Strategic Directors and DMT/SMT's and other stakeholders to identify and agree those priorities will be key to determining the new structures. Due to the size and range of functions to be reviewed, and to ensure the review is completed in a timely way, it is also proposed to recruit to a temporary programme manager for the duration of the review period, but for no more than a period of 1 year.

The benefits of the proposal are;

- The creation of the Head of HR post provides a realistic span of control for the Director of OD and Policy and increases that potholder's capacity to focus on strategic management of Policy, Communications and OD & HR, as the Head of HR would be the escalation point for all operational HR issues
- Would enable a wider review of OD and HR priorities and structures to be progressed quickly, driven by the new Head of HR.
- A consistent reporting line for all HR operational services would contribute to a more unified and strategically aligned OD and HR function.
- The new role would strengthen organisation development capacity and ability to deliver the transformational change required to become an 'Enterprising Council'
- Supports OD and HR activity across the Council being better aligned with strategic objectives.
- Provides early opportunities to identify and reduce duplication of activity and realise savings and promote consistency of application across HR teams.

2.4 Timescales

The appointment process to the new posts will take place as soon as practicable, taking into account formal approval processes and consultation with directly affected staff. Once in post, the Head of HR will develop the priorities for OD and HR, in consultation with CMT, departments and relevant stakeholders, with proposals relating to a wider structural review of OD and HR developed by spring 2019, for implementation during 2019/20. A full project plan will be developed setting out key steps of the review.

3 Financial Considerations

The budget for OD and HR in 2018-19 is £7.952m (excluding £1.780 forecast trading income) and includes some budget for training. Further details of HR budgets are set out in Appendix 3.

In agreeing the proposal, there will be an increase in HR expenditure of up to £127k per annum during phase 1 of the review and this can be funded from within existing CCP HR budgets. Following job evaluation of the new roles, the post of Head of HR will be graded at Grade 16 and the Programme Manager, Grade 12.

It will be necessary for phase 2 of the HR review and resulting structure to deliver the already identified budget savings of £423k per annum plus fund the costs arising from the establishment of the new post of Head of HR of £73k per annum on an on-going basis.

The principle of carrying out this review is to achieve the planned budget savings identified above as well as delivering priorities identified. It is currently considered that further savings, other than those already identified, could be realised. However, it will be at the point at which recommendations are made regarding the final structures at the end of phase 2 of the review that we can consider what further savings could be realised, this will be subject to a full cost-benefit analysis.

4 Human Resources Considerations

Informal consultation has already taken place with directly affected staff and trade unions, prior to the report being presented to Cabinet. It is considered that formal consultation is not required as the proposal does not directly affect individual post holder's roles other than a change in reporting line. The new posts of Head of HR and Programme Manager will be subject to the Council's job evaluation process and will be recruited to in accordance with the Council's normal recruitment process, although due to the level of the proposed Head of HR, this post will be advertised externally. The Programme Manager post will be advertised internally in the first instance. Any further changes to OD and HR structures will be subject to a further report to Cabinet as necessary.

5. Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, environmental, health, human rights, property, transport and social value considerations.

6. Key Decision

No

7. Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report?

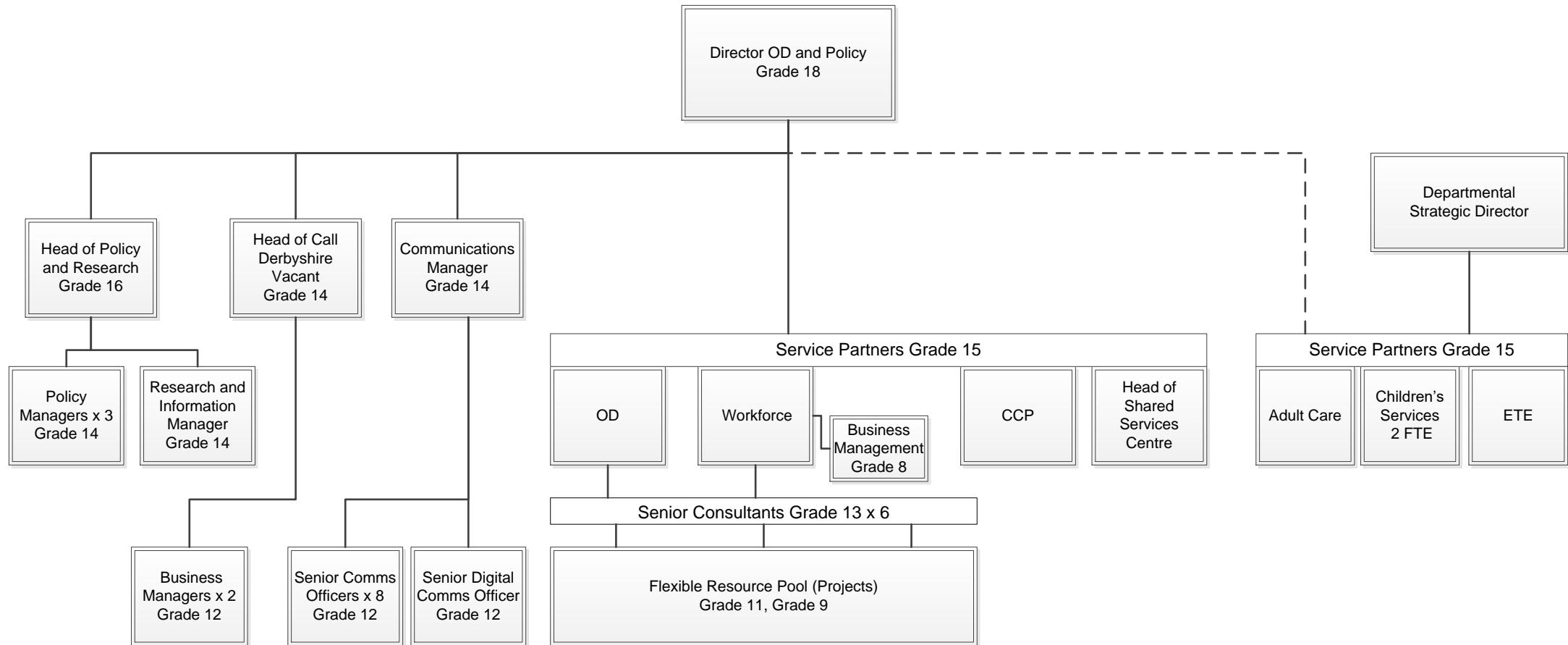
No

8. Recommendation

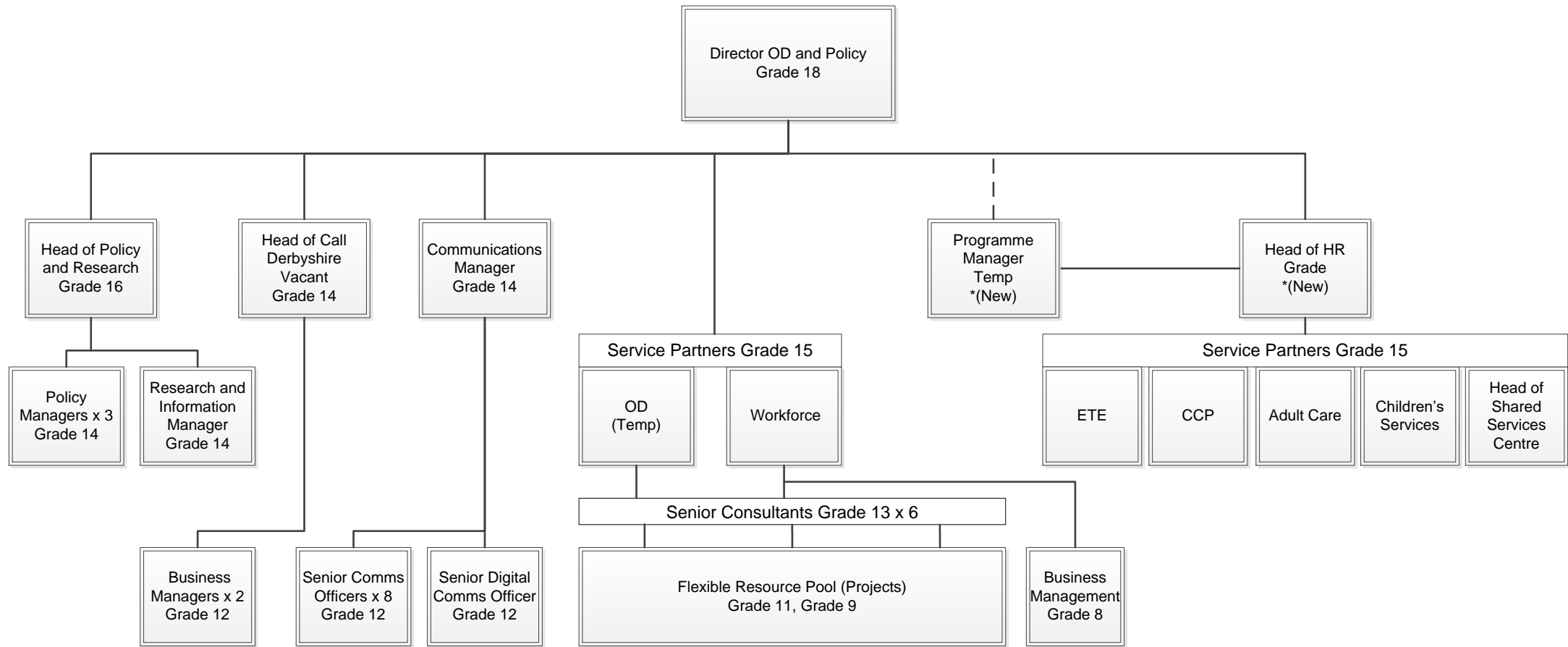
Cabinet approves the proposals set out in the report for reviewing OD and HR priorities and structures and implementing a single Council-wide OD and HR function.

Emma Alexander
Strategic Director Commissioning, Communities and Policy

Current Structure – Director OD and Policy



Proposed Structure – Director OD and Policy



* SUBJECT TO JE

Appendix 3 – Council Spend on HR & Organisation Development

HR Team	Budget 17-18	Outturn 17-18	Budget 18-19	Training Budget 18-19 included in Budget 18-19 figures
CCP HR Operational	Not available	Not available	£511,913	Held as a separate budget
CCP Central HR Services			£2,339,546	
CCP total			£2,851,459	
SSC			£886,524	
ETE HR Service	£610,195	£533,008	£560,310 ¹	£111,758
Adult Care HR Service	£2,414,117	£1,917,957	£2,457,703	£1,538,314
Childrens Services HR Service	£1,439,756	£1,034,209	£1,080,928	£103,997
Schools HR Advisory	£427,716	£552,542	£115,487 ²	
Total	£8,589,624	£7,366,147	£7,952,411	£ 1,754,069

¹ Shared Services Centre 18/19 forecasted income/costs in addition to base budget is £1,350,000

² Schools Advisory 18/19 forecasted income/costs in addition to base budget is £430,000.

Identified savings from Big Sheet as at 01.04.18

HR Team	2018-19		2019-20		2020-21		Total
	Amount	Posts	Amount	Posts	Amount	Posts	
CCP HR Operational							
CCP Central HR Services			£122,000	2.8			£ 122,000
SSC			£23,000	1.0			£ 23,000
ETE HR Service							
Adult Care HR Service							
Childrens Services HR Service	£178,000	1 plus underspend	£100,000	2.0	Not detailed	5.0	£ 278,000
Schools HR Advisory							
Total	£178,000		£245,000				£ 423,000