
RESOURCING SERVICE CHOICES PROCESS – IMPROVEMENT AND HR

1. EXECUTIVE SUMMARY

- 1.1 The Council is the process of implementing the budget strategy Planning our Future, which comprises both investment to deliver the SOA and reduction in the council's revenue budget of between £21.7 to £26.0m in the next 5 years. This budget reduction is being delivered through the Service Choices process.
- 1.2 Service Choices is highly likely to impact on our employees and to result in a reduced number of posts and potential contractual changes. The savings requirement is heavily weighted in the first 2 years with around 70% of savings to be delivered by the end of 2017-18. This will result in specific, targeted work for the HR team. The team will manage this through a realignment of all HR professionals to Service Choices activities. However there is also a requirement for temporary additional posts, which is the subject of this report. This will be funded from the Customer Service Department. The Committee is invited to note that the additional resources can be funded from the existing 2015-16 Customer Services departmental forecast underspend, and to agree that the budget to be earmarked and the balance permitted to be carried forward to fund the additional posts for a maximum of 2 years. This will allow the HR service to support the administrative elements of the service choices process. Earmarked balances are routinely monitored and any balance no longer required would be returned to the General Fund Reserve. The additional resources are estimated as £97k per annum. Further clarity on the duration of resource requirement will be known following the budget decisions in February 2016.
- 1.3 The support to the organisation and employees from the service will be significant. The current proposals are to achieve the majority of savings from the service in Year 2 through a service redesign. Given the scale of support required from the service to the organisation during service choices and the fact that the scope of the savings will only be known at the February budget meeting, it is recommended that the remainder of the savings are profiled into Year 3. This will enable the service to fully support the organisation and employees through the Year 1 and Year 2 changes and then implement the full redesign of the service.
- 1.4 The Service Choices proposals for the HR Team and Improvement and OD to meet the target savings of 20-25% centre around creating a new, integrated service, which will put our people at the heart of performance and planning. It is recommended that the Year 1 proposals, as set out in Appendix 2, are accelerated for immediate implementation. As individual employees can be identified in this proposal, Appendix 2 is marked as Exempt. This approach will enable a transitional structure to be put in place and maximise support to the organisation from the service through this period of change. The other proposed Year 1 savings are operational and will be delivered in 2016/17.

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2. INTRODUCTION

- 2.1 This report sets out the issues and proposed solutions to supporting the Council and employees through the change of service choices. It sets out the requirements for additional temporary posts, seek authorisation to earmark existing funds to do so; seeks to profile the service redesign proposals into Year 3 to enable the service to fully support the organisation and employees through the Service Choices process; recommends the early implementation of Year 1 savings proposals as set out in Appendix 2. Appendix 2 is marked as Exempt as individual employees can be identified from it.

3. RECOMMENDATION

- 3.1 Members note the additional work generated for HR by the Service Choices process and the inability for the service to deliver all of this additional work from existing resources. The professional advice and support will continue to be delivered from within existing HR resources, but there is a need to augment the administrative resources. This will be done by utilising wider Departmental funding.
- 3.2 The Committee is invited to note that the additional resources can be funded from the existing 2015-16 Customer Services departmental forecast underspend, and to agree that the budget to be earmarked and the balance permitted to be carried forward to fund the additional posts for a maximum of 2 years. This will allow the HR service to support the administrative elements of the service choices process. Earmarked balances are routinely monitored and any balance no longer required would be returned to the General Fund Reserve.
- 3.3 Agree that the Year 2 savings of up to 25% for IHR, which involve the full implementation of service redesign, creating an integrated team that puts people at the heart of performance, are profiled for year 3 to ensure that the service has sufficient resource to support the organisation through the significant change of Service Choices in Years 1 and 2.
- 3.4 Agree that the Service Choices proposal set out in Appendix 2 is accelerated for immediate implementation, noting that this will put in place a transitional structure that is equipped to support the organisation through Years 1 and 2 of Service Choices.

4. DETAIL**HR SERVICE RESOURCING**

- 4.1 The proposal to fund additional staff resources in the HR team over the next 2 years will enable the HR team ensure that all the additional work required as a result of post reductions, contractual changes and other employee impacts are effectively managed. Whilst the final details of the Stage 3 Options templates are still being prepared, it is clear that given the savings targets to be met, there will be an impact on employees. It is essential that the HR Team is fully resourced to ensure that all policies and procedures and legal requirements are fully met. All changes to employee's posts, job descriptions, work patterns, contracts etc must go through due process, which requires professional advice from the HR Team and sufficient Administrative assistance. The additional proposal, which is the subject of an accompanying paper, to invite expressions of interest for voluntary severance, will result in further additional tasks for the team, including administration of correspondence, liaising with Strathclyde Pension Fund etc. Details of the additional tasks required are highlighted below in Para 4.10 and attached at Appendix 1.
- 4.2 The HR service use the CIPFA UK benchmarking framework to measure and compare the financial cost of the service against other UK local authorities, the HR and payroll team are amongst the lowest cost per head for advice and transactions from the rest of the UK benchmarked peers. Local Government Benchmarking indicates a reduction of 35% since 2011 in the support service.
- 4.3 The professional HR Officers and HR Assistants will focus on supporting managers and employees through the Service Choices process and no additional professional officer resource is requested. This will limit the impact of HR support for management across the organisation during the period of change. It will also result in a reduction to the development of new policies and/or procedures during this period, as capacity is limited. Focus will be given to high profile/ high risk areas for managers, with the HR Advice Line and the Hub being the main source of support. It is envisaged that the main priority for many services will be the planning and implementation of service choices options, and the activities of the HR support service will therefore align with the priorities of the Council services and the organisation.

4.4 **SERVICE REVIEWS AND MANAGING CHANGE – LESSONS LEARNED**

The HR service has previous experience of delivering on large scale service re-design projects, the most recent being delivering on the programme of Service Reviews. Using this experience it is possible to determine the level of resources required to deliver on the Service Choices process. The difference being that the same level of savings is required to be delivered over a shorter timescale. Based on previous experience during the Service review process, there is a requirement to identify sufficient administration and clerical staff, dedicated to the programme. In terms of comparative scale, in the period April 2010 to June 2012 a total of 335 employees left the council on redundancy grounds and the voluntary redundancy trawl resulted in in excess of 900 employees seeking figures to inform their decision on volunteering for redundancy.

- 4.5 The Modernisation Team was specifically set up within HR to deal with the service review process and this administration was resourced on a full-time basis with 1 x HR Assistant (LGE9), 2 x HR Assistant (LGE6), and 1 x Clerical Assistant (LGE4). The overall responsibility for the process was delegated to an HR Officer whose input varied throughout but was particularly intensive in the early stages.

4.6 The Service Review process was well managed by the Modernisation Team and the majority of redundancies were successfully managed through a voluntary redundancy basis, with employees at risk matched into posts that volunteers were vacating.

4.7 The resource required for Service Choices is similar to that for service reviews, but there is a much shorter time period for proposals and implementation. This means that the initial identification of options, engagement of HR Officers and HR Assistants in the service teams and the appointment of additional support is key to informing the scale of the task.

4.8 **SERVICE CHOICES – ADDITIONAL RESOURCES**

There are significant risks associated with failing to adequately resource HR to deliver on Service Choices, but the IHR service has been asked to manage the process from existing resources. The following proposal outlines the use of existing professional resources to support services and requests additional administrative resources to manage the transactional processes. The funding for the additional posts has been identified from within the Customer Services departmental forecast underspend in 2015-16, which is requested for earmarking to carry forward to secure funding for additional posts for a maximum 2 year period. The additional resource requested, which is not currently available in the team, is set out in the table below:

4.9

Post	Grade	Posts (FTE)	Cost (per annum)
HR Assistant	LGE9	1.0	£32,077
Admin Assistant	LGE6	2.0	£45,758
Clerical Assistant	LGE4	1.0	£18,991
TOTAL		4.0	£96,826

4.10 There is currently limited administration and clerical grade resource within the HR team. The team will encounter a significant increase in workload associated with supporting service choices, and much of this work will be administrative in nature. The payroll and transactional team will see a significant increase in work associated with new contracts, amendments to contracts, terminations and redundancy payments. In addition, the HR team will deliver on an increased number of job evaluations as a result of new or changed posts. It is anticipated that there will be an increase in queries from employees as well as managers throughout this process. This is likely to be resource intensive and cannot be predicted accurately. In addition the processing of severance payments, redundancies, redeployment and matching, appropriate consultation and notification, correspondence and pension quotes will all require to be fulfilled. If the voluntary redundancy trawl is approved there will be a significant amount of work required to gather information for employees and services and in managing the whole process.

4.11 The additional actions required by HR during the service process are outlined at Appendix 1. HR Officers and HR Assistants will participate in service meetings relating to service choices to advise and support managers in all aspects of employee and contractual changes. They will also provide liaison as necessary with the trade unions on a service and corporate basis.

- 4.12 The proposal will make the best use of the professional resource that we have, The HR processes and procedures were reviewed, updated and approved by the HR Board, Trade Unions and SMT in June 2015. Ensuring that risk to the organisation is minimised through the appropriate and accurate implementation of employee related policies and procedures is essential. In terms of reputation and future legal challenge, the established policies and procedures must be adhered to and the HR service has to be adequately resourced to support services with this.
- 4.13 It is proposed that the Senior HR Officer who led the service review process leads on the overall co-ordination of service choices. This officer is also the lead for Health and Social Care Integration. Some of the additional work required and the scale of this is unknown at this stage until decisions are taken on which savings options will be approved, the HR service must be in a position to prepare for this to support the Council to ensure policies and procedures are adhered to.

4.14 **SUPPORTING SERVICE CHOICES – SAVINGS PROFILE**

It is proposed that in order to ensure that the service has sufficient resource to manage the change across all services, that the savings proposed for Year 2 in Service Choices are profiled to be implemented in Year 3. Decisions will be taken in February on the proposed savings, but the level of impact on employees, contracts, redundancies, working patterns, job descriptions etc are as yet not known. In addition some of the proposals for changes to services may include employee related actions such as the establishment of ALEOs or TUPE transfer, which will require significant input and support from the HR and OD teams. Thereafter, the service will make its full savings target and ensure that the design of the support it provides meets the needs of the new shape of the organisation.

4.15 **SUPPORTING SERVICE CHOICES – HR/IOD SERVICE REDESIGN**

As any organisation changes it is important that support services such as HR and Improvement and OD remain relevant to the overall strategic direction of the organisation and adapt to suit the needs of the organisation now and in the future. The Council is currently delivering substantial change through Service Choices and Health and Social Care Integration. Feedback from key internal customers and stakeholders has outlined the need for a more strategic focus in terms of the support provided by the HR and Improvement and Organisational Development teams. The redesign of the HR and OD service therefore presents an opportunity for the Council to design a support service which is more strategic in nature, meets the needs of our internal customers, and is better aligned to support the organisation as it moves forward. In the interim, the service must provide support to managers, employees and trades unions in all aspects of employee related change resulting from the current change programmes including job description changes, rotas, work patterns, hours, shifts, voluntary severance, pensions, contractual changes, mitigating redundancies, consultation on redundancies, engagement, matching, job evaluation, training, trials etc.

- 4.16 The redesign of the service by merging of the HR and OD teams has been identified as an opportunity to create a support service that meets the needs of the Council and brings with it the opportunity to create efficiencies and generate savings. Indeed this redesign has been proposed by HR and IOD as the method through which they will meet any savings requirements as part of Service Choices. This will require a fundamental redesign of posts within the service.
- 4.17 In order for the teams to provide the most effective support service to the organisation during a time of change, it is proposed that the recommendation at 3.3 and set out in detail in Appendix 2 are accelerated for immediate implementation. This will provide a mechanism for stable support for the organisation in years one and two of service choices. It will also enable the team to drive forward with consultation and engagement on the design of a new model.

5. CONCLUSION

- 5.1 The report sets out a series of proposals to ensure that the Improvement and HR Service is adequately and appropriately resourced to support the employee and organisational impact of Service Choices.
- 5.2 This proposal requests approval for an additional resource for the HR team to support Service Choices. The biggest impact will be over the next two years and therefore the additional resources are requested for the same period. The £194k cost to provide this additional resource for a two year period can be met from within the Customer Services departmental underspend in 2015-16. Facility to carry this forward and earmark the unspent element at the end of the financial year is requested, in line with the agreed practice.
- 5.3 In order for this to take place in line with Service Choices timescales it is further proposed that the Policy and resources committee. It is also proposed that the further savings for the service resulting from the service redesign and restructure are profiled into year 3 so that the service has sufficient resource to support the employee related changes resulting from Service Choices and Health and Social Care Integration.
- 5.4 The report proposes that the Policy and Resources approve the accelerated implementation of proposed changes as set out in the Year 1 HR/IOD service choices savings options and as detailed in Appendix 2. This will create a stable structure for the team and enable appropriate support for the organisation throughout the change process. It will also create the framework to provide a more strategic service for future implementation, which is aligned to the needs of the Council.

6. IMPLICATIONS

- 6.1 Policy - This proposal, if approved, will ensure that the Council policies on people management will be complied with throughout the service choices process. Programmed new policy development work for 2015-16 will be put on hold as the focus for HR Officers and Assistants will be to support the service choices process.

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| 6.2 | Financial - | The total cost of additional posts for 2 years is £194k. This can be met by utilising part of the Customer Services departmental underspend for 2015-16. There would be a requirement to earmark any unspent element at the end of 2015-16 and this balance would be subject to the ongoing monitoring of earmarked balances as part of the routine budget monitoring process. The immediate move to implementation the proposals in Appendix 2 will enable the full year one savings to be taken from IHR. The profiling of year 2 savings to year 3 will impact on the overall Council profile for service choices. |
| 6.3 | Legal - | The Council has a legal obligation to comply with employment legislation. This proposal will ensure that the Council remains legally compliant in the delivery of service choices options which affect employees. |
| 6.4 | HR - | There will be a requirement for consultation in relation to Appendix 2 proposals. |
| 6.5 | Equalities - | All requirements set out in equalities legislation in relation to employment changes will be adhered to. |
| 6.6 | Risk - | There is a significant risk to the organisation that if there is not sufficient HR resource to support service choices, managers will proceed with employee related proposals that are not compliant with employment legislation. If service choices is not properly implemented, in terms of employee engagement and consultation, there is a risk of reduction in staff morale, poor TU relations, risk of litigation in terms of unfair selection, lack of consultation and discrimination, all in terms of not following policy or legislation. Failing to create a stable management structure in the team prior to service choices will exacerbate this. |
| 6.7 | Customer Service - | None |

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