

WIRRAL COUNCIL
CABINET COMMITTEE
6 SEPTEMBER 2012

SUBJECT:	RESTRUCTURE OF THE HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT DEPARTMENT
WARD/S AFFECTED:	ALL
REPORT OF:	THE ACTING DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	YES

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Members of the proposed restructure of the Human Resources and Organisational Development Department (HR/OD), and seek approval for the HR/OD budgets to be aligned to the Head of Human Resources and Organisational Development.

2.0 BACKGROUND AND KEY ISSUES

2.1 The HR/OD restructure was agreed by Cabinet on 22 July 2010. This detailed the benefits of moving to a centralised HR and OD function with a phased plan for delivery. It was recognised that to meet the challenges facing the Council the HR/OD team would need to work differently, with consistent leadership and direction under a “one team” approach. The Cabinet resolution approved the centralisation of staff and budgets.

2.2 The principles of centralising the HR/OD function ensure that HR/OD:

- Operate as one team – bringing all the functions together including transactional elements and ensuring the most effective and efficient utilisation of resources
- Remove of duplication across the function
- Deliver consistency of advice and policy application across the Council
- Align resources to meet defined priorities and work towards these
- Improve service delivery
- Deliver an improved, proactive and customer focussed HR/OD service

2.3 Interim Senior Management arrangements have been in place since July 2010, with an interim reporting model which ensured that all HR/OD employees reported directly to a member of the Senior HR/OD Management team. This was implemented to ensure the delivery of key HR/OD priorities. Over time the majority of HR/OD

employees have moved from their departments and are now all based in one location, this will be completed over the next few months.

- 2.4 At a time of significant organisational change it is essential that our staff resource is maximised wherever possible. This can be achieved through effective implementation of HR policies such as robust attendance management, speedy resolution of disciplinary matters and improved performance management. This will necessitate a greater and improved level of support for managers in Departments to be available from the HR/OD Service.
- 2.5 The Council is facing significant organisational challenges, which require significant support from the Human Resources and Organisational Development team. The demands being placed upon the service and the Senior Management team are considerable and it has become necessary to seek additional resources.
- 2.6 The Council is facing a significant budget deficit of £100 million over the next 3 years, which will require key HR/OD support to review ways of working, identify and drive efficiency savings, deliver Management and Organisational restructures to ensure that the Council meets the organisational challenges and business requirements to deliver the required budget savings.

3.0 SERVICE DELIVERY MODEL

- 3.1 The proposal is to implement a centralised HR/OD function with Business partners located in departments. This would ensure that all HR/OD personnel are based together at one central location, where the central HR function would determine priorities and resources and appropriate leadership. A Business Partner model would also co-exist, which would allow for Departments to have a “key” allocated resource. This resource would work closely with the Department(s) to ensure the delivery of key HR/OD and operational priorities, whilst supporting Departmental Management teams. Resources would be allocated to meet priorities across HR/OD to deliver work projects as required by each Service area / Department.
- 3.2 The HR/OD service will be largely delivered through specialist teams. The specialist teams will drive service improvement, consistency of standards and quality of delivery. The specialist teams will develop improved guidance for Managers to enable a less dependant and more empowered service delivery model. Over the next years elements of the specialist teams will migrate to the HR Helpdesk to have knowledge to deliver a more effective service to employees.
- 3.3 The specialist teams for HR are as follows:
 - Employee Relations
 - HR Policy and Strategy
 - Workforce ChangeThe specialist teams for OD are:
 - Leadership and Elected Members
 - Employee Skills
 - Technical / E-Learning
- 3.4 Strategic advice and delivery will be an integral part of the operating model to ensure that the HR/OD service is aligned with business and corporate objectives to facilitate

the delivery of these. Strategic advice and delivery would be delivered by the Head of HR/OD and the Senior Management team.

- 3.5 The operating model is outlined in Appendix 1.
- 3.6 Access to the Service: It is proposed that the service is accessed on a tiered support basis to ensure that all queries and issues can be accessed by the appropriate level of support and advice. Operating a tiered service will ensure that all standard queries can be accessed at one point, therefore ensuring consistent HR/OD advice, and further ensuring support can be maximised to those issues requiring a more strategic or complex resolution.
- 3.7 This operating model further builds on the self serve principle and will also be dependent on the up-skilling of Managers to ensure they have the skills required to manage their employee resources effectively. It is proposed to have a five tier level of access to the service.
- 3.8 Following self serve, all basic/standard queries would be accessed via the internet or the HR helpdesk, in the first instance. It is proposed to enhance the service the current helpdesk provide to ensure effective resolution of issues / queries. The HR handbook is also going to be revised with clear policies and guidance for Managers.
- 3.9 Further to that there would be three levels of support for Managers which would always be provided by a HR/OD Officer or Manager dependent on the nature and level of the query or issue.
- 3.10 The access to service is outlined in Appendix 2.
- 3.11 The HR/OD services to schools will continue operating within the current model, where dedicated schools teams exists in terms of HR/OD advice and Payroll services. Further discussions will take place with schools to explore options for future delivery.

4.0 RESTRUCTURE PROPOSAL

- 4.1 The future model will consist of a Senior Management team; which including the Head of Human Resources and Organisational Development will consist of four specialist leaders – Human Resources Manager, Senior HR Business Partner, Organisational Development Manager and Project Manager, who report directly to the Head of HR/OD.
- 4.2 Under the Senior Management structure there will be a number of Business Partners with responsibility for Departments, the number of which will be determined by employee ratio. There will also be a number of specialist roles within the “core” to drive key HR/OD performance ensuring the resolution of employee relations issues, development of HR policies, delivery of workforce changes, development of training interventions, and delivery of Management and leadership performance across the Council. The Principal and Human Resources / Organisational Development officers will report into the Business Partner or Specialist Managers depending on their portfolio of work / duties.
- 4.3 It is proposed to undertake the HR/OD restructure in phases to ensure effective service delivery. The core HR/OD functions will take effect in phase one. To support

this, work has commenced to review organisational and HR processes and an improvement plan is in place which will develop an enhanced helpdesk.

- 4.4 The rest of the service will be restructured in phase two, when the impact of Transforming Business Support on core services is known. This includes Payroll, Employee Administration team and the project team delivering Transforming Business Support; following the delivery of Self serve and up-skilling of Managers across the Council.
- 4.5 It is proposed that the first phase of the restructure is implemented as an interim structure developed to drive the required organisational priorities and outcomes. It will be necessary to review the overall HR/OD structural requirements in phase 2 following the implementation of Transforming Business Support, and the required Council priorities. As such it is proposed that the additional resources are filled on a fixed term basis to ensure flexibility of resource requirements.
- 4.6 It is proposed to seek approval for the establishment of the Management structure and posts above SCP 49, from the Council's Employment and Appointments Committee at the meeting on 24 September 2012. The proposed Management structure is detailed in Appendix 3.
- 4.7 The current training function in CYPD delivers training across social care and schools. A review of the service will be subject of a further report.

5.0 COMPARISON DETAILS

- 5.1 The Public Sector Corporate services value for money (VfM) Indicators for HR conducted in 2010, compared Wirral Council with other like Local Authorities¹. Comparisons included the costs of the HR function; costs as a percentage to organisational running costs, and costs per FTE. Other data included comparisons of the ratio of employees to HR staff. The comparison data is detailed in the table below.

Comparison	Wirral	Average	Lower quartile	Upper quartile
HR cost as a percentage of organisational running costs (including Learning & Development)	0.72%	0.96%	0.7%	1.22%
HR cost as a percentage of organisational running costs	0.37%	0.59%	0.47%	0.72%
HR cost per FTE (including L&D)	£535	£737	£561	£876
HR cost per FTE	£274	£464	£357	£551
Ratio of employees to HR staff (including L&D)	115	90	80	107
Ratio of employees to HR staff	141	112	93	141

¹ Local Authorities compared; Cheshire West and Chester, Bury, Gateshead, Oldham, St. Helens, Trafford, Wigan, Knowsley, Salford, Stockport, and Warrington.

- 5.2 HR cost as a percentage of organisational running costs – the cost of the HR service including learning and development was lower (0.72%) when compared with the average of 0.96%. This again was true when the comparison looked at the HR costs against overall organisational spend. This indicates that Wirral HR and OD costs are lower than that of comparators.
- 5.3 HR costs per FTE – the cost of the HR and OD function are considerably lower than that of the comparators. Again this indicates that Wirral Council spend considerably less on their HR/OD service compared to other like organisations.
- 5.4 The ratio of employees to HR/OD staff – this comparator is higher than that of the comparators, with the figures for Wirral Council being equal to those of the Upper quartile.

6.0 RELEVANT RISKS

- 6.1 The Council is facing unprecedented challenges in terms of both the financial challenge and the improvement agenda. Significant transformational change needs to be supported through HR and OD. The risk to the Council of an under resourced service at this time is significant. Given the change required it would be a risk for the council to continue with an HR/OD function that is under resourced in comparison with other organisations. The request for additional funding over the next two years seeks to address this risk, but also gives flexibility within the function with a number of fixed term contracts proposed

7.0 OTHER OPTIONS CONSIDERED

- 7.1 In order to identify the future service delivery model the current and future requirements of the service have been considered. The proposal ensures is for an effective operating model with links across services with specialist teams.

8.0 CONSULTATION

- 8.1 Consultation with the recognised Trade Unions and employees has commenced and is ongoing. Staff briefing sessions to discuss the proposed structure commenced at the end of May 2012, and feedback is due back by the end of August 2012.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 9.1 There are no implications for voluntary, community and faith groups.

10.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 10.1 The report proposes the re-structure and enhancement of the human resources functions currently located in departments and corporately to form one central unit. The key elements of this are as follows:

- The transfer of staff and resources from departments to a central HR/OD function. This would include the amalgamation of staffing and training related budgets.
- Integration of transferred staff and existing corporate staff to form restructured central HR/OD function.

- Enhancement of the newly formed central HR/OD function through the creation of a number of additional posts to form a “one team” approach.

10.2 The financial implications of the proposed restructure are as follows:

Element of Restructure	Funding Source	Budget £'000	Member Action	Further Details
Transfer of departmental staff and resources from departments	Existing Departmental budgets	1,145	Approval of transfer of staff and budgets. Recommendation 15.2	Appendix 4
Transfer of departmental training budgets	Existing Departmental budgets	476	Approval of the transfer budgets. Recommendation 15.4	Appendix 5
Creation of additional new posts : as follows Senior lead on organisational change, Business Partners, Business Development Manager, Project Support Officer	Efficiency Investment Fund budget (EIF)	200	Approval of the transfer of funding from the EIF for maximum period of 2 years and recruitment of staff. Recommendation 15.3	
Additional post: OD Management post	Improvement Plan budget	50	Approval of a budget from the Improvement Plan Fund. Recommendation 15.5	

10.3 Discussions have taken place with departments to agree the employees and budget to move to HR/OD. The figures in the table above, line one, represent the direct employee costs only, with the transfer of staff there are additional costs such as car allowances, printing, stationery which are held by departments. These costs will also need to be transferred, as HR/OD is not able to contain such costs within existing resources. Further budget adjustments will be required to ensure that there is appropriate provision for these indirect employee costs and the current shortfall between actual and budget direct employee costs.

10.4 To enable the HR/OD function to have sufficient staff resources to meet the Councils future organisational challenges and business requirements it is proposed that additional posts are created. The funding of these posts would be from the Efficiency Investment Fund and the Improvement Plan Fund. The former has sufficient unallocated budget to fund the £0.2m being requested. The Improvement Plan Fund of £0.3m was approved in the 2012/13 budget at Cabinet in February 2012 to improve Governance and Standards across the Council. An additional OD management post has been identified to meet organisational development requirements of the

Improvement plan. This seeks to address a significant under funding in OD. The funding for this post is being sought from the fund that was further considered by Cabinet in June 2012.

11.0 LEGAL IMPLICATIONS

11.1 None

12.0 EQUALITIES IMPLICATIONS

12.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/law-hr-asset-management>

13.0 CARBON REDUCTION IMPLICATIONS

13.1 None

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 No

15.0 RECOMMENDATION/S

15.1 Approve the re-structuring of the Human Resources and Organisational Department from within their substantive departments to one centralised function, ensuring the creation of one team.

15.2 To approve alignment of the staffing FTE and budgets from the departments of Technical Services, Law, HR and Asset Management, Finance, Adult Social Services and Children and Young People's to the Head of Human Resources and Organisational Development.

15.3 To approve the budget from the Corporate Efficiency fund for the additional resources necessary this totals £200,000 which will help the Department to meet the organisational challenges and business requirements to deliver the required budget savings.

15.4 To approve alignment of the Training budgets from the departments of: Regeneration, Housing and Planning, Technical Services, Law, HR and Asset Management, Finance, Adult Social Services and Children and Young People's to the Head of Human Resources and Organisational Development.

15.5 To approve the funding of £50,000 for an additional OD management post to meet organisational development requirements of the Improvement plan from the Improvement fund.

16.0 REASON/S FOR RECOMMENDATION/S

16.1 The Human Resources and Organisational Development Department has had interim management arrangements in place at a senior level to support the service deliver the required objectives for the Council.

16.2 An interim reporting model has been implemented which ensured that all HR employees report directly to a member of the Senior HR/OD Management team, until the restructure was implemented.

16.3 These recommendations will ensure that the service move to a centralised Human Resources and Organisational Development function.

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APPENDICES

Appendix 1: The HR / OD Function
Appendix 2: Access to HR service
Appendix 3.1: Proposed HR/OD Management Team Structure
Appendix 3.2: Business Partner Model
Appendix 3.3: Specialist Teams
Appendix 3.4: Organisational Development Structure
Appendix 4: Staffing FTE and Budget Re-alignment
Appendix 5: Training Budget Re-alignment

REFERENCE MATERIAL

The Public Sector Corporate services value for money (VfM) Indicators for HR (2010)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	22 July 2010

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details

EIA lead Officer: Susie Warwick

Email address: susiewarwick@wirral.gov.uk

Head of Section: Chris Hyams

Chief Officer: Bill Norman, Director Law, HR and Asset Management

Department: Law, HR and Asset Management

Date: 17 May 2012

Section 2: What Council proposal is being assessed?

Proposed restructure of the Human Resources and Organisational Development department

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes / No If 'yes' please state which meeting and what date

.....Cabinet 21 June 2012

Please add hyperlink to where your EIA is/will be published on the Council's website

.....

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- √ **Services**
- √ **The workforce**
- Communities**
- Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- √ Eliminates unlawful discrimination, harassment and victimisation
- √ Advances equality of opportunity
- √ Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5:

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All	<p>Positive</p> <p>The HR / OD restructure will result in a number of opportunities for a number of employees to take on additional responsibility for additional remuneration.</p>				
Gender	<p>Positive</p> <p>No employees will be displaced by the restructure therefore all employees will be retained by the department.</p> <p>There will be a number of opportunities that people will either be ring fenced to / or advertised to allow for career progression.</p> <p>There are considerably more women (%) in the department compared to that within the Council.</p>	<p>Continue to review and monitor equality data – data demonstrates that this is currently a little lower than the proportion to % employed (Men)</p> <p>As more women are employed by the Council this is proportionate to the overall numbers in the Council</p>	Chris Hyams	Review quarterly with PIs.	Regular monitoring through equality data collection and reporting

	Negative The proportion of men in this group of employees is lower than the proportion employed overall within the Council	Once the restructure is complete the EIA will be undertaken again to determine the actual impact of the restructure			
Disability	Positive The proportion of disabled people within this group of employees is higher than the proportion employed overall within the Council The Council operates a policy which guarantees an interview for all disabled candidates who meet the essential criteria for a role	Continue to review and monitor equality data – data demonstrates that this is currently slightly higher than the proportion to % employed	Chris Hyams	Review quarterly with PIs.	Regular monitoring through equality data collection and reporting
Sexual Orientation	Positive The proportion of Gay and Heterosexual people within this group of employees is higher than the proportion employed overall within the Council	Continue to review and monitor equality data – data demonstrates that this is currently slightly higher than the proportion to % employed	Chris Hyams	Review quarterly with PIs.	Regular monitoring through equality data collection and reporting
Transgender	Negative The proportion of people whose Gender has changed since birth within this group of employees is lower than the proportion employed overall within the Council – however this is a very small differential in %	Continue to review and monitor equality data – data demonstrates that this is currently slightly lower than the proportion to % employed	Chris Hyams	Review quarterly with PIs.	Regular monitoring through equality data collection and reporting
Ethnic Origin	Negative	Continue to review and monitor equality data – data	Chris Hyams	Review quarterly with	Regular monitoring

	The proportion of people from non white origin within this group of employees is lower than the proportion employed overall within the Council	demonstrates that this is currently slightly lower than the proportion to % employed		PIs.	through equality data collection and reporting
Age	<p>Positive</p> <p>The proportion of younger people within this group of employees is higher than the proportion employed overall within the Council</p> <p>Negative</p> <p>The proportion of older within this group of employees is lower than the proportion employed overall within the Council</p>	Continue to review and monitor equality data – data demonstrates that this is currently slightly lower than the proportion to % employed	Chris Hyams	Review quarterly with PIs.	Regular monitoring through equality data collection and reporting

Section 5a: Where and how will the above actions be monitored?

On a quarterly basis by the Human Resources team, to determine if the impact changes and the impact this would be. Additionally this is a proposal for a restructure to assess the potential impact, therefore once the restructure has been approved / implemented the Equality Impact assessment will be undertaken again to assess the actual impact.

Section 5b: If you think there is no negative impact, what is your reasoning behind this?

All protected groups – an analysis of the workforce data shows that there is some negative impact, however there is no overall negative impact on the entire make up of the workforce across the Council, this is because the proportion of employees within this group and the equality statistics in relation to all of the protected groups is not out of overall context to that of the total percentage make up of the organisation.

The HR / OD restructure will result in a number of opportunities for a number of employees to take on additional responsibility for additional remuneration, which will benefit a number of employees.

Section 6: What research / data / information have you used in support of this process?

Appendix 1: HR / OD Employees affected by Service changes

Section 7: Are you intending to carry out any consultation with regard to this Council proposal?

Yes

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Consultation with the Senior Management team commenced in April 2012 by the Head of Human Resources and Organisational Development. Staff briefings to commence consultation commenced at the end of May 2012 and is ongoing. One to one staff consultations have been planned in for the first 2 weeks of June.

Specific Trade Union discussion on the proposal at the end of May 2012, with the Trade Unions and the Head of Human Resources and Organisational Development.

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)**
- b) **Include any potential positive impacts as well as negative impacts? (section 5)**
- c) **Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**