

# **Cherwell District Council and South Northamptonshire Council**

## **Joint Commissioning Committee**

**20 July 2017**

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| <p><b>Benefits Realisation Review: Human Resources<br/>and Organisational Development</b></p> |
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### **Report of Assistant Director – Commercial Development and Innovation**

This report is public

The appendices are exempt from publication by virtue of paragraphs 1, 2, 3 and 4 of Schedule 12A to the Local Government Act 1972.

#### **Purpose of report**

This report presents the final recommendations to reconfigure the HR and OD Service following the completion of the benefits realisation review and staff consultation.

The report recommends restructuring the service into a HR and Payroll Service and in doing so seeks the Joint Commissioning Committee's (JCC) agreement for all elements of the proposal.

The proposal is part of the wider transformation programme across the two Councils.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To consider the responses to the consultation process with the affected staff and trade union representatives received as detailed in the consultation log (attached as Appendix 2) and from the Joint Councils Employee Engagement Committee (to be reported verbally), and determine whether any amendment to the business case is required as a result of them.
- 1.2 To approve the final recommendations including the restructure proposal to create a HR and Payroll Service shared across Cherwell District and South Northamptonshire Councils (hereafter Cherwell or CDC and South Northamptonshire or SNC respectively), including determination of any redundancies that could arise as a result of the implementation process and to delegate to the Assistant Director – Commercial Development and Innovation

in consultation with the Chairman of the Joint Commissioning Committee any subsequent non-significant amendment that may be required to the proposal.

- 1.3 To delegate to the Assistant Director – Commercial Development and Innovation responsibility for implementation of the business case, including approving the costs of any redundancies, in consultation with the Chief Finance Officer.

## **2. Background**

- 2.1 This paper sets out a series of recommendations to reconfigure the HR and OD Service following a benefits realisation review and consultation with staff. This is part of the wider programme of benefits realisation reviews.
- 2.2 Since the adoption of the confederation business case and the moves towards new ways of working it has been apparent that HR's policies, processes and service delivery require adaptation and improvement in order for HR to be appropriately equipped and skilled to provide the necessary support and facilitation. In addition, it is also evident that the current HR team structure and the team's interface with other functions is not effective or efficient. As such TJWG requested a benefits realisation review to ensure the HR and OD service is aligned to the strategic priorities of the councils.
- 2.3 A review of HR was commissioned to assess the function and make recommendations for a revised service design and team structure to improve performance, whilst increasing capacity and capability within the team. The scope of the review included Human Resources (HR), Organisational Development (OD) and Learning and Development (L&D). For the purposes of this report the term 'HR' includes OD and L&D.
- 2.4 As agreed at the JCC meeting on 20 June 2017, recruitment for the vacant HR and OD Manager post is being progressed separately to ensure that the successful candidate is appointed as soon as possible.

## **3. Proposal**

- 3.1 The attached proposal sets out a series of recommendations to reconfigure the role of the HR and OD Service through the creation of a new HR and Payroll Service and sets out the staffing savings that could be achieved through this proposal.
- 3.2 The recommendations are set out in section 7 of the report in Appendix 1.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 The recommendation is reconfigure the role of the current HR and OD Service to create a new HR and Payroll Service between CDC and SNC.

4.2 The proposal sets out the rationale for creating the new team.

## 5.0 Consultation

| Group                                     | Summary   |
|---|---|
| All staff in scope of the business cases. | Staff have engaged positively with the consultation and a number of questions were received.<br>The majority of the questions raised were in relation to the job descriptions, proposed working arrangements and responsibility for Learning and Development in the new structure.<br>No alternative structures were proposed.<br>The consultation log will be considered by the JCC on 20 July 2017. |
| Unison Representatives from each Council. | Consultation has been positively received.  |
| Joint Commissioning Committee (JCC)       | Endorsed proposal for staff consultation.   |
| Transformation Joint Working Group        | Endorsed proposal for consideration by JCC.   |

5.1 Consultation with all employees in scope of the proposal and Unison representatives commenced on Wednesday 21 June and ran for a period of three weeks until 12 July 2017 in line with the Councils' Joint Organisational Change policy.

The consultation period included a joint initial meeting with employees of both teams along with Unison representation and subsequent meetings with the teams and individuals as requested.

All responses received during the consultation period were recorded on a consultation log along with the answers provided.

In total, 9 questions/responses were received to the consultation. These were predominantly related to learning and development and working practices.

As a result of the consultation, the following changes have been made to the proposal:

- Minor amendments to job descriptions to clarify responsibilities around Learning and Development activities;

We would like to thank the staff who volunteered this information during the consultation process and those who helpfully enabled us to update the business cases.

The consultation log of comments made by the affected staff and/or their trade union representatives and the response of management is attached as Appendix 2 for members' consideration.

## 6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected as part of the development of the proposal:

### Status Quo (No Change)

No change is not considered a viable option for the service. As detailed in the attached report, the review has identified there are a number of issues that need to be addressed within the service.

### Outsource Service

HR is certainly a service that could be outsourced and there are a number of examples of other local authorities who have gone down this route. However, HR is considered a key service in the delivery of the organisations transformation programme and it is not considered appropriate to outsource the service.

### Provide in partnership with another Council

A feasible option if additional partners presented/were interested. At the current stage there are no immediate options.

## 7.0 Implications

### Financial and Resource Implications

- 7.1 The recommendations set out in the report would deliver an annual staffing saving of £17,500.

| Savings*  |          |           |
|-----------|----------|-----------|
| CDC       | SNC      | TOTAL     |
| (£13,250) | (£4,750) | (£18,000) |

\* Figures rounded to the nearest £250, subject to job evaluation process.

- 7.2 Implementation costs of £25,000 have been estimated to cover potential pay protection and redundancy costs and a contingency fund. These funds may not be required as there are enough roles within the new service for all current employees. The contingency has been included to cover any 'technical' redundancies.
- 7.3 Based on the estimated implementation costs outlined above and the savings outlined, the payback period would be approximately 17 months. However, as set out above, it may be the case that the contingency funds are not required.
- 7.4 In the longer term it is anticipated that additional savings will be realised by replacing manual processes with automated and self-service processes.

These will be delivered through the implementation of the new HR/Payroll system. At this stage the efficiency savings associated with the new system cannot be identified in detail and therefore haven't been set out in the proposed structure. It is likely that these efficiencies will be realised as the new system is implemented. Any additional capacity can either be taken out of the service (as a reduction in staffing resource) or repurposed to support commercial activities.

Comments checked by:

Paul Sutton, Chief Finance Officer, 0300 003 0106

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### **HR Implications**

- 7.5 It is the traditional approach of CDC and SNC to consult staff and the trade unions on a detailed staffing structure arising from any business case for change, prior to consideration by members. This has the effect of enabling members to consider the views and any representations of the staff and trade unions before making their final decision on any such proposals, and ultimately ensures that the Councils meet their statutory obligations to undertake a meaningful process of consultation prior to a decision being made.
- 7.6 The recommendations in the report are based on salary grades for new posts. The new job descriptions have been through the job evaluation process at each organisation.
- 7.7 All proposed posts, unless stated otherwise, are permanent posts. The process for restructuring and filling posts will be achieved in line with the Joint Organisational Change Policy.
- 7.8 Although there are enough posts for the existing members of staff, there is potential for redundancy as a result of the proposal as some existing roles have been replaced with new roles and in some instances there have been significant changes to job descriptions.

Comments checked by:

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### **Legal Implications**

- 7.9 As an existing shared service, the team is covered by the section 113 agreement (as varied) entered into between the two Councils.
- 7.10 As this is a restructure of an existing shared service between CDC and SNC, the proposal does not need to be considered by either CDC Executive or SNC Cabinet. Decisions regarding staffing matters are non-executive functions and are made by the Joint Commissioning Committee.
- 7.11 A decision making timetable is included in Section 10 of the report.

Comments checked by:  
James Doble, Assistant Director – Transformational Governance, 01295  
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### **Risk Implications**

- 7.12 Section 11 of the report sets out the risk implications of the recommendations and how they will be mitigated.

Comments checked by:  
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### **Document Information**

#### **Wards Affected**

All

#### **Links to Corporate Plan and Policy Framework**

None

#### **Lead Councillor**

Councillor Barry Wood, Leader, CDC  
Councillor Phil Bignell, Deputy Leader, SNC

| <b>Appendix No</b>         | <b>Title</b>  |
|----------------------------|---|
| 1 – EXEMPT                 | Benefits Realisation Review Report – HR and OD Service  |
| 2 - EXEMPT                 | Consultation Log  |
| <b>Background Papers</b>   |   |
| n/a                        |   |
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