

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Resources, Performance & Development Overview & Scrutiny Committee

**Date of Committee** 25th July 2006

**Report Title** Human Resources - an update on development of HR function following the Best Value Review

**Summary** That the progress in developing the HR function set out in this report be noted.

**For further information please contact:** Bob Perks  
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**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** Details to be specified

- Other Committees  .....
- Local Member(s)  Not Applicable
- Other Elected Members  Cllr Hicks, Cllr Atkinson, Cllr Booth
- Cabinet Member  Cllr Fowler
- Chief Executive  .....
- Legal  .....
- Finance  .....
- Other Chief Officers  David Carter
- District Councils  .....
- Health Authority  .....
- Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION NO**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  Resources, Performance and Development Overview & Scrutiny Committee

To an Area Committee  .....

Further Consultation  .....

## Agenda No

# Resources, Performance & Development Overview & Scrutiny Committee - 25th July 2006.

## Human Resources - an update on development of the HR function following the Best Value Review

### Report of the Strategic Director – Performance & Development

#### Recommendation

That the progress in developing the HR function set out in this report be noted.

#### Background

1. Members may recall that the Best Value Review of Human Resources (HR) completed in 2003, resulted in a broad range of recommendations, including alignment of HR strategy to the Council's wider vision, more clearly defined HR roles and responsibilities, greater consistency of approach and influence for HR and the introduction of a corporate development programme for the whole workforce.
2. The Review also identified that the resources allocated to the HR function were at a significantly lower level than for other similarly sized local authorities.
3. In October 2003, a detailed implementation plan to take forward the findings of the Review was submitted to this Committee (then the Corporate Services Overview & Scrutiny Committee), together with an estimate of shortfall in HR resources necessary to deliver the plan. The latter were estimated at some £670,000.
4. Notwithstanding the sum involved, this Committee requested that these costs be included in the budget preparations for 2004/5.
5. The subsequent bid for additional funding for HR from the 2004/5 budget proved unsuccessful, leading to a further report to this Committee in April 2004 setting out a more limited programme of improvements that could be accommodated within existing funding levels. The key element was the establishment of a chief officer level 'HR Programme Board' designed to oversee corporate HR development. The report made clear that progress on

developing the HR function would be limited by the capacity to re-prioritise existing work and achieve efficiency savings, the latter being dependent upon exploiting the IT capacity of the HRMS system.

6. The HR Programme Board has subsequently overseen the completion of a number of key HR projects, including the launch of a new corporate training & development menu, the introduction of a new absence management procedure and the adoption of a 'healthy workforce programme' and the development of proposals for significant changes, which are outlined below.
7. Further, more modest, bids for additional funding for HR, in 2005/6 and 2006/7, proved unsuccessful. In the course of supporting the latter, a bid for £120,000, I made clear that the corporate HR function would be able to support the 'mechanics' of moving to the Authority's new management structure from 1<sup>st</sup> April 2006, such as the appointment of new managers, effecting the retirement of others and the reconfiguration of systems. However, I also made clear that the function did not have the capacity to deliver support to the more fundamental cultural changes implied by the 'modernisation agenda', other than at a slow pace.
8. Recognising the lack of capacity within HR, Strategic Directors have agreed to find an additional £120,000 from within existing resources to strengthen HR's corporate capacity. This will provide two additional HR professionals within the corporate HR function to take forward real changes to the way in which we manage the Council's workforce. In addition, £125,000 has been set aside from the Modernisation Fund to support phase 1 of the Equal Pay Review.

### **Immediate prospects for the HR function**

9. Several factors, including the additional resources referred to above, give cause for optimism that the HR function is now more equipped to take on the more strategic and influential role recommended by the Best Value Review
10. Firstly, the move from nine departments to six directorates has facilitated a change to the role of 'departmental HR managers'. The six new directorates each have, or will shortly have, an HR manager, jointly responsible to the Strategic Director and the Head of Human Resources for delivery of the corporate HR agenda. This smaller and more cohesive arrangement should help ensure the greater consistency of approach recommended by the Review.
11. As the final groups of employees are transferred onto the HRMS payroll system we are now also beginning to see 'added value' HR information emerging from the system. The capacity to produce aggregate data in electronic form not only promises greater efficiency in itself, but also makes it more practical to separate out administrative, or 'transactional' HR work from professional or 'transformational' HR activity, thus better using the specialist knowledge and skills of professional HR staff.
12. This will allow, as other large local authorities are increasingly doing, the development of a separate unit to undertake transactional processes,

maximising both economies of scale and IT potential and at the same time releasing professional HR resources to undertake developmental work.

13. One of the two new HR professionals referred to above will have specific responsibility for assessing the Deputy Head of HR (Martyn Thompson) in taking this change forward.
14. The generation of additional professional HR resources will allow development on a strategic basis, as recommended in the Review. Immediate priorities are seen as,
  - **employee development** – including developing the ‘people management’ skills of managers and supervisors
  - **developing a ‘one employer’ approach** – in particular, we need to put a greater emphasis on consistency of standards and practice across the Council (the second of the two new HR professionals will have particular responsibility in this area)
  - **staff involvement** – one of the lessons learnt from the ‘modernisation’ work undertaken thus far has been the enthusiasm of the workforce for involvement in change, typified by the attendance levels at ‘staff awareness’ events. At a variety of levels, there is a need for increased communication and consultation with the workforce.
  - **absence management** - while short-term improvements to absence levels have not been too difficult to achieve, a more sustained improvement will undoubtedly require a greater level of HR professional input
  - **equal pay** – it is increasingly clear that local authorities’ capacity to deliver equal pay and single status is dependent upon the skills and experience with which change is effected. This can only come from highly skilled HR staff.

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