DRAFT

BEST VALUE FINAL REPORT

HUMAN RESOURCES & PERSONNEL SERVICES

CONTENTS

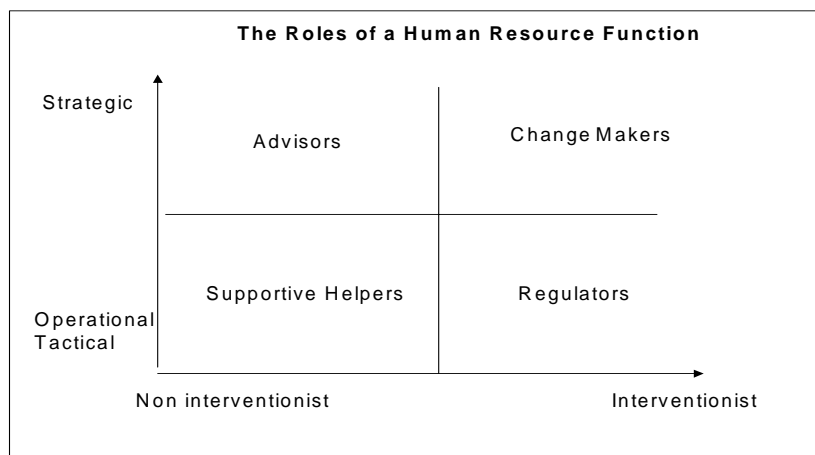# Chapter 1: Review Background

1.1   Introduction

1.1.1 Since April 2000 Leicester City Council has been looking at the services it provides in a new way, under the duty of Best Value. This requires it to make arrangements to secure continuous improvement in the way in which it exercises its functions, having regard to a combination of economy, efficiency and effectiveness. The Council is committed to ensuring that it offers efficient, quality services, and provides what local people really need, that is – Best Value.

1.1.2 Through specific Best Value Reviews, the Council needs to:

❖   Challenge the very purpose and need for the service and the way that it is currently delivered.
❖   Compare how the Council is performing over time in relation to its objectives and other service providers.
❖   Consult with relevant stakeholders about the current and future operation of the service.
❖   Use competitive processes, where appropriate, as a means of securing efficient and effective services.

1.2   Scope and Objectives of the Review

1.2.1 The Government is clear that the purpose of Best Value is to "make a real and positive difference to the services which local people receive from the authority". This review examines the Council's Human Resources and Personnel Services. Managing our human resources is one of the key elements in the coordination and management of the services delivered by the authority. The role of individuals and groups of employees and the ability of management to effectively deploy such a resource is vital to the interests of both the employee and the authority alike.

The Roles of a Human Resource Function

	Non interventionist	Interventionist
Strategic	Advisors	Change Makers
Operational Tactical	Supportive Helpers	Regulators

Adapted from Story. J. Developments in Management and Human Resources 1992

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1.2.2 The central issue at the heart of this review is the style that is most appropriate for delivering the Human Resources and Personnel Service. This is based on the principle that a Best Value HR service should have a balance of resources aligned to meet the needs of key stakeholders in order that the service can contribute to the key strategic goals of the authority. The review has explored the balance of resources and role(s) played by the service and proposes that a rebalancing of resources is needed and an overall shift in the main role of the service from supportive helper to strategic interventionist is implemented.

1.2.3 The aim of this review is to set out clearly:

❖ The strategic case for Human Resources and Personnel Services
❖ The services offered by the Human Resources and Personnel Services and the balance between cost and quality
❖ The infrastructure requirements of the service IT, information systems, organisation structure including the balance between corporate and departmental functions etc.
❖ An assessment of how these services are performing:

➢ In comparison with other local authorities
➢ In meeting the expectations of users
➢ In achieving the stated objectives

❖ An improvement plan identifying a clear direction for the future role, development and operation of the service. Also identifying the options for commissioning the Human Resources and Personnel Service either collectively or specific service functions e.g. MDU, OHS, Nursery, Standby Register and `non-core` services; e.g. out-sourcing, partnerships etc.

1.2.4 The review has taken place within the context of the following key strategic initiatives:

❖ Corporate:

➢ The Community Plan
➢ EMAS
➢ Equalities
➢ Revitalising Neighbourhoods
➢ Crime and Disorder

❖ Service Specific:

➢ Human Resource Strategy
➢ Human Rights Act
➢ Data Protection Act
➢ Employment Relations Act
➢ Disability and Discrimination Act
➢ Race Relations Act

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1.2.5   The following business units and services were included within the review:

❖   Health and Safety at both a corporate and departmental level
❖   Occupational Health Service
❖   Departmental Personnel Teams including personnel support to schools
❖   Departmental Training & Development Teams
❖   Corporate Human Resources Section
❖   Corporate Management Development Unit
❖   Employment equality at both a corporate and departmental level
❖   The Job Shop service
❖   Standby Register and other employment registers applied in departments.
❖   Use of agencies and external People Management Service providers
❖   Supported Employment Scheme for Disabled Employees
❖   The Workplace nursery

1.2.6   Due to the workload in this review the Workplace Nursery and services to schools have been excluded. These aspects will be addressed at a later stage in order to complete the scoping of this review approved by Members

1.3   The Strategic Case for the Service

1.3.1   This section identifies the purpose and role of the Human Resources and Personnel services, establishes the factors that determine the continued need for the service to be delivered by a discreet function.

1.3.2   The Council is the largest single employer in the City with 13,000 employees. It employs over 10% of the City's working population. In this leading position it has a key role in establishing itself as a centre reflecting employment best practice within the local business community. Indeed a body of National law and EC law / guidance not only governs the relationship of employer and employee but places obligations directly on public authorities discharging their functions i.e.

❖   Race Relations Act - duty to promote good race relations
❖   Local Government Act – duty to employ on merit
❖   Human Rights Act – applying to the activities of public bodies
❖   Local Government Act 2000 – duty to provide Best Value public services.

The Council prides itself on being at the leading edge in this respect, which emphasises the need for clear strategy and policy and for a specialist, HRM and Personnel Service.

1.3.3   The importance placed upon good employee relations is clear and recognised within the Council's Best Value Performance Plan, which states:

"Our approach to managing (staff) is critical to achieving our aims and objectives. The overall purpose of the Human Resource strategy is therefore to maximise the return on the Councils investment in its employees because our service counts and our employees matter".

The Community Plan commits the Council to a number of significant objectives covering diversity, community safety, education, health and social care, environment and jobs and regeneration. These objectives are being achieved within a modernising agenda, which involves major change to the way in which the Council employees deliver services. The ability of the service to contribute to the achievement of these objectives is critical. Evidence of some progress has been established e.g. Diversity, however the need to establish stronger links in other areas e.g. Lifelong learning, has been identified from this review.

The European Workplace Employee Relations survey (1998) identifies that the Local Government workforce has been affected by more change than most other occupational sectors, yet it continues to be a source of innovative employment policies and practices. Managing the changing roles of staff and their continued professional development, also requires clear leadership from a specialist HRM and Personnel Service. The Council's commitment to a major organisational review, 'Revitalising Neighbourhoods' will further test the ability of the service to help the Council to achieve stated objectives for change.

1.3.4 At the same time, all employers are required to operate in a business environment where the range and complexity of employment law is increasing at a pace. Examples of recent and anticipated change in employment law include:

❖ Fairness at work
❖ Widening of family friendly working
❖ Plans to outlaw age discrimination
❖ Changes in redundancy consultation
❖ Further equal pay legislation

1.3.5 For line managers operating without professional advice, understanding employment law and keeping abreast of the policy implications is time consuming and difficult. While this is true for all employers, it is particularly true for larger organisations such as public services; here a need exists for the specialist professional in the field of HRM and Personnel to take the lead, allowing line managers to concentrate on delivery on their service. However there is an optimum balance to be achieved in the degree of support provided and the cost. This is reflected, given the finite level of resources, in the tension between a service torn between the desire to work at strategic level but being drawn back to the operational to deal with short term requests for support, where risks need to be managed, policy needs to strike a balance between procedure and intended outcomes, and change to be built into the service development.

1.3.6 The collective bargaining framework, which the Council operates, must deal with complex employment issues involving a diverse work force and range of occupational groups. Here the lead role taken by the specialist HRM and Personnel Service is key to the continued smooth running of the Council.

1.3.7 The importance of the specialist HRM and Personnel Service as agent of organisational development is well recognised. Research by the CIPD confirms that within a business, the service can have the biggest impact on performance whether measured by profitability, service quality, or productivity. A good HR

services has a direct impact on:

- ❖ the nature of people management practice
- ❖ the nature of concern for employee welfare
- ❖ the nature of investments in training and development

These factors directly influence three key factors for success, employee attitudes, job satisfaction and employee commitment.

1.3.8 Clear strategic purpose with agreed service priorities, roles and responsibilities working within service standards agreed between different service units and their customers, are necessary to ensure a Service geared towards providing Best Value.

1.4 Service Profile

1.4.1 Section 1.3 sought to identify the purpose and continued need for the Human Resources and Personnel Service. This Section sets out the strategic framework within Leicester City Council that guides the provision of these services and describes the service profile of the business units involved in the review.

The Strategic Framework

1.4.2 The Council's overall vision is to provide:

"A Premier city in Europe with a thriving and diverse society in which everyone is involved and in which everyone can have a decent, happy and fulfilling life. A City with a strong economy: a healthy, caring and educated society: a safe and attractive environment and an improving quality of life – a sustainable city".

1.4.3 To realise its vision the Council has produced a number of key strategies one of which relates to the delivery of Human Resource Services. The Council spends over 60% of its revenue budget on the employment of staff who are the key resource in achieving efficient and effective service delivery. The Human Resource Strategy, approved in 2001, sets out the following four principle objectives for the Human Resource and Personnel Service:

- ❖ To ensure the Council has the appropriate level of staffing to achieve its key priorities, as set out in the Community Plan and key strategies.
- ❖ To ensure that staff have the right level of skills and competencies to perform their duties for the benefit of all communities across the City.
- ❖ To ensure the Council has adequate but flexible procedures to

  - ➢ Meet its statutory obligations
  - ➢ Maintain good industrial relations
  - ➢ Operate efficiently and effectively

- ❖ To ensure the management of the human resource function across the Council achieves Best Value

1.4.4　The Council needs to ensure the trust and confidence of the citizens and businesses it serves. The culture of the organisation is critical to establishing this trust and the following corporate values underpin the delivery of services.

- ❖　Equality – We will apply the principles of equality to everything the Council does.

- ❖　Creativity – We will value ideas, innovation, consultation, and experimentation.

- ❖　Balance – We will value our staff and allow them to take real responsibility for their efforts. In return we will support them in everything they do on our behalf. With the right training and development and by recognizing the many stresses and strains in Local Government today, we can work together to meet the growing and changing demands on our modern city.

- ❖　Harmony – We value constructive relationships between Members and officers and between Council and community – where respect and courtesy are the norm and even when we disagree, blame should not be unnecessarily dealt out.

- ❖　Perseverance – we value a commitment to improve. Despite setbacks and with a willingness to apologise for justified criticism, we want to keep getting better at everything we do.

Challenge Summary

1.4.5　This review challenged the contributions of the service to the Council's strategic priorities. Evidence of developed practice (e.g. in Equalities), contrasted with emerging practice (e.g. in Lifelong Learning). The capacity of the service to contribute to the Council's major strategic programme for change, Revitalising Neighbourhoods was questioned.

1.4.6　Evidence of organisational impact contrasted with an operational and procedural focus that diverts resources away from strategic priority issues. The review findings suggested a service that has good practice in part, but also a perception from customers of risk avoidance, a focus on process rather than outcome, a record of poor deliverability on key corporate projects and a lack of innovation - slow to respond to major change initiatives.

1.4.7　The lack of strategic capacity combines with a lack of clarity regarding roles and responsibilities between central and departmental units. The service is perceived as having a poor record on strategic deliverability and implementation.

Profile of Service

1.4.8　The service is organised on a highly devolved basis with operational service units reporting through to departmental senior management teams. A number of operational Units are organised centrally and along with the corporate HR

function they report to the Assistant Director Of Human Resources & Staff Development. This post reports to the Town Clerk & Director of Resources, acts as the overall head of profession and line manages the Town Clerk's operational personnel function. A new Assistant Director was appointed half way through this Best Value Review.

1.4.7 The following services, delivering mainstream personnel advice, guidance, support and administration; training and development provision, consultancy and administration, and Health & Safety advice and support, report departmentally.

❖ Corporate Business Units reporting to the Town Clerk's and Corporate Resources Department.

➢ Human Resource Service Unit that leads on policy development and is a resource on complex queries of interpretation of existing policies.

➢ Management Development Unit which commissions and provides management training and development

➢ Central Health and Safety Unit that provides a focus for accident reporting and statistics and manages policy development.

➢ The Job Shop; a front end 'one stop shop' handling all Council application forms.

➢ The Standby Register; a temporary staffing resource agency

➢ Occupational Health Unit; health monitoring and advisory service.

❖ Departmental Personnel Business Units reporting to:
➢ Arts & Leisure
➢ Commercial Services
➢ Education
➢ Environment & Development
➢ Housing
➢ Social Services
➢ Town Clerk's and Corporate Resources.

1.4.8 The following table shows the number of staff employed in 2001/2002 – Full time equivalents, by each department within Health and Safety, Training, Personnel and other categories.

Business Unit - Business Unit - Note: Figures in brackets include the resources specifically assigned to schools	Health & Safety	Training	Personnel	Other	Totals	Totals as a % of full service staff	Department % of Council workforce	Ratio of Dept.to Personnel Staff
Arts & Leisure	1	2	7	-	10	8%	10%	1.25
Commercial Services	2	-	4.5	-	6.5	5%	18%	3.6
Education	0 (3)	-	5.75 (17.5)	-	5.75 (20.5)	5%	8%	1.6
Environment & Development	1.5	4.3	6.2	-	12.0	10%	8%	0.8
Housing	1	5.8	8.85	-	15.65	13%	20%	1.5
Social Services	1	21.8	16.2	-	39	33%	27%	0.82
Town Clerk's & Corporate Resources	1 (3)	1.0	7.8	-	9.8 (12.8)	8%	9%	1
Management Development Section	-	3	-	-	3	18%	N/A	N/A
Occupational Health	-	-	-	3	3			
Central Health & Safety Unit	1.75	-	-	-	1.75			
Human Resources Section	-	-	8	-	8			
Job Shop	-	-	-	3.5	3.5			
Standby Register	-	-	-	3.0	3.0			
Totals	**9.25 (14.25)**	**37.9**	**64.3 (76.0)**	**9.5**	**120.95 (133.7)**	**100%**	**100%**	

1.4.9 The ratio of departmental staff managed to departmental HR and Personnel staff employed varies considerably between 0.82 and 3.6. This equates to one member of service staff for between 43 and 179 employees between Council

departments. Given this range, additional work was carried out to compare service provided by internal Personnel departments. (See 2.3.19 onwards p.24)

1.5   Budget Analysis

1.5.1   The Council's three-year revenue strategy from 2000/01 to 2002/03 includes pledges on Councils Tax increases and identifies the priorities for further revenue funding. Best Value Reviews can be a contributory factor in achieving the Council's three-year budget strategy. This may include demands for additional resources to fund improvements or identify savings being redirected to meet other priorities. This section identifies the impact that the Human Resources and Personnel Service will have upon the budget.

This review has been able to establish some key relevant data that has been validated by relevant stakeholders, however additional scrutiny and further analysis is needed to ensure an accurate understanding of some of the key levers on performance. For example, different accounting practices in departments, reconciling benchmarking standards data with internal accounting data standards.

Net Budget

1.5.2   The total Net Budget 2001/02 for business units included in the review of Human Resources and Personnel Services is £4.2 million, as summarised in the table below.

Gross Budget 2001/2002	Cost £'s	%
Employees	4,022,100	86.2%
Operating Costs	645,800	13.8%
Total controllable budget	4,667,900	100%
Income and Grants	427,000	9.1%
Net Budget	4,240,000	90.9%

Budget breakdown by function within service

1.5.2   To gain a fuller understanding of exactly where the actual costs for 2000/2001 were incurred the following table breaks down the costs into the main elements of the service.

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Service Unit Expenditure 2000/2001

Business Unit	Health & Safety (£k)	Training (£k)	Personnel (£k)	Other (£k)	Total Actual (£k)	Total as a % of full service expenditure	% of Total Council workforce (FTE's) in Dept.	Non controllable	Net cost	Ratio of Dept. share of full service expenditure & Dept. share of Council workforce
Arts & Leisure	32.2	176.3	200.6	-	409.1	8%	9%	(20.0)	389.1	1.125
Commercial Services	48.6	100.8	124.8	-	274.2	5%	18%	(13.7)	260.5	3.6
Education (LEA)	0	24.0	195.8	-	219.8	4%	8%	(15.0)	204.8	2.0
Environment & Development	61.9 (75%)	292.5	174.8	-	529.2	11%	9%	(58.8)	470.4	.82
Housing Department	26.6	256.9	259.3	-	542.8	11%	21%	(7.3)	535.5	1.91
Social Services	29.8	820.8	308.1	-	1,158.7	23%	27%	(48.3)	1,110.4	1.17
Town Clerk's & Corporate Resources	33.4	267.8	209	-	510.2	10%	8%	(44.6)	465.6	0.8
Management Development Section	-	252.7	-	-	252.7	28%	0%	(128.3)	124.4	
Corporate WIMI		30.0			30.0			0.0	30.0	
Occupational Health	-	-	-	160.2	160.2			(21.9)	138.3	
Central Health & Safety Unit	88.3	-	-	-	88.3			(37.1)	51.2	
Human Resources Section	-	-	522.3	-	522.3			(124.8)	397.5	
Job Shop	-	-	-	108.5	108.5			(24.0)	84.5	
Standby Register	-	-	-	161.8	161.8			(6.9)	154.9	
Total	320.8	2,221.8	1994.7	430.5	4967.8	100%	100%			

1.5.4 This table shows that there is a wide variation in the expenditure per Council employer (FTE). This equates to a range of between £236 per FTE and £1,018 per FTE between Council departments, based on total actual costs.

1.5.5 The ratio of both service staffing and service expenditure shows wide variation. Further, more detailed analysis proved difficult because of different accounting practices between departments and reconciling internal cost data with requirements for external benchmarks. This indicates an improvement theme.

1.5.6 However, the review concluded that further works should be undertaken to establish valid like for like comparisons in costs between different departments to inform progress toward agreed benchmark service efficiency improvements.

Distribution of Staff by Grade

1.5.7 The distribution of staff by grade within departments is shown in the following table.

Distribution of Salary Cost by Grade against Establishment								
		Percentage of Operationally Focused Service Staff %			Percentage of Strategically Focused Service Staff %			
Department		Grade	Grade	Grade	Grade	Grade	Grade	Grade	
		1-3	4-6	SO	PO1-3	PO4-5	LSMG	JNC	Total
Arts & Leisure	Staff	13	8	10	54	15	0	0	
Commercial Services	Staff	8	12	38	18	24	0	0	
Education	Staff	24	9	29	28	9	0	0	
Environ.& Dev.	Staff	9	20	17	41	13	0	0	
Housing	Staff	22	17	5	56	-	0	0	
Social Services	Staff	14	14	8	57	6	0	0	
Town Clerks & Corp. Res.	Staff	14	41	32	13	-	0	0	
Average	Staff	16	16	15	46	8	0	0	
Totals		47			54				100

1.5.8 This shows that over half (54%) of the service staff are graded at PO1 and above. Yet, a key finding of the review is that the service is too operationally focussed. This could mean that senior staff are spending too much time on operational duties. The reasons for this could be many. Given the argument that improving the strategic capacity of the service is a key Best Value requirement, a review of senior manager job roles and activities is suggested as part of the Improvement Plan.

Application of 2% Saving

1.5.9 The Authority has a corporate target of a 2% efficiency saving, in line with Government expectations, over the five-year Best Value Review Programme.

1.5.10 The Chief Financial Officer has set out specific financial objectives for consideration in each review – these are:

❖ Full consideration of the expectations of Revenue and Capital Budget Strategies and the Income Generation Strategy.

❖ Setting out of financial options to include consideration of the:

➢ Implications of a 2% reduction in costs
➢ Options for re-investing 2% in the service area
➢ Implications of re-aligning overall spend to comparator data where this is available utilising the information found at (a) to (c) above, plus any other financial objectives attached to the review to make specific financial proposals, for recommendation to Directors Board.

1.5.11 The figure of 2% relates directly to the controllable costs of the services delivered. The specific grant of £427,000 in Social Services for professional training is ring fenced to avoid any loss of grant. The figure of 2% of direct controllable cost for the delivery of HR and Personnel Services is £84,800.

Chapter 2: Evaluation using the 4C's Framework

2.1 The Process

2.1.1 Under the new duty of Best Value, local authorities are required to achieve continuous improvement in the way in which services are provided having regard to a combination of economy, efficiency and effectiveness. The review approached this task by using the 4C's framework and this section identifies what was done to:

- ❖ **Challenge** the very purpose and need for the service and the way that it is currently provided
- ❖ **Compare** how the Council is performing over time in relation to its objectives and other service providers
- ❖ **Consult** with relevant stake-holders about the current and future operation of the service
- ❖ Use **Competitive** processes, where appropriate, as a means of securing efficient and effective services

2.1.2 The findings to date have not addressed personnel support to schools and the workplace nursery. The capacity demands of reviewing these other parts of the service could not be met in this review. Additional work will need to be carried out to fulfil these requirements at a later date.

2.2 Fundamental Challenge

The Service

2.2.1 The Fundamental challenge report on the service confirmed the 'core discretionary' nature of the service. However the statutory nature of employment in local government and duties under Health & Safety legislation give some basis for service provision. Strategic priorities set by the Council further have implications for the type of employer and the demands on the skills and behaviours of employees and their requirements for training and development. The Council's role as a community leader and as the largest employer in the City means that ensuring the trust and confidence of local people as both current and prospective employees, is an important requirement. It is argued that these requirements can only be met through the provision of Human Resources and Personnel Services, albeit at an appropriate level.

The service performance

2.2.2 Having identified the fundamental need for the service the following subordinate challenges about the performance of the service were set for the review:

- ❖ To justify the costs of the service delivery against quality service standards:

    - ➢ *Why does the authority have a range of different costs and staffing ratios between different Departments?*

> *Is there any correlation between staffing ratios, service costs and service quality?*

❖ To review the role and purpose of the service to incorporate Best Value management and greater integration where needed, e.g. strategic and operational level, intervening in anticipation of problems, responding with creativity and innovation, challenging established systems and rules, being solution focused and delivering against objectives.

> *Are the current arrangements compatible with the future needs and priorities for the service?*

> *How will the service continuously improve its' ability to listen to and understand employees and ensure a responsive service continuously changing to meet both employee and employer needs?*

❖ To challenge the rationale for current service structures and working relationships, e.g. the respective roles and responsibilities of central vs. departmental teams; reviewing roles and exploring resourcing options.

> *How well do service managers embrace Best Value management principles e.g. adopting and integrating the 4 'C's?*

> *How can the service embrace continuous service improvement and ensure the effective integration and collaboration needed for such a complex, cross department, multi-faceted service?*

❖ To challenge specific service functions for their competitiveness including MDU, OHS, nursery, standby register and 'non-core' services; reviewing roles and exploring delivery options. E.g. out-sourcing, and partnerships

> *Are current In house services competitive? -*

❖ *To establish robust and reliable data and information systems that can accurately inform on service performance and continuous improvement.*

This review has attempted to answer the questions set within the agreed scope. Details are set out in the following pages.

2.2.3 The Director of Social Services acted as internal Scrutiny Director to ensure the report meets the requirements of Best Value. His views will be made known on the completion of this report. The Equalities dimension of the service cannot be understated. In this context equalities professionals from across the Council were allocate to the review teams to ensure equality issues are fully identified and addressed in the improvement plan. The Trades Union views are not identified separately as they have been registered through the contributions at the review team meetings. They will also be invited to comment on this report and again they will be taken on board alongside other considerations.

Professional Challenge

2.2.4 The Associate Director of HR Professional Development, Nottingham Trent University acted as the critical friend to the review. The professional challenges to the work of the review team are summarised below:

Importance issues:

Service Style

❖ A central theme of the review is the need for the HR service to play a more Strategic role, although the form that this should take needs to be clearly agreed with key stakeholders.

❖ Closer integration of service core values with HR strategy.

Effectiveness issues:

Joining up strategic policy

❖ The importance of vertical integration between horizontal HR processes e.g. training to support skill gaps identified through recruitment processes

Poor record on strategic deliverability and implementation

❖ The importance of performance management as a future service priority.

❖ Clarification of how the service will be evaluated by service stakeholders

Procedure focus

❖ Evidence of training services appears to lack innovation

❖ Whether the service has the expertise for the organisational development role.

2.3   Compare

2.3.1   In order to compare the performance of the service the following was examined:

❖   In comparison to Unitary and Metropolitan authorities:

➢ The costs of the service.
➢ The number of service staff and the ratio of central and departmental staff.
➢ The time spent on activities relating to each of the main service themes.
➢ The key HR and Personnel service organisational performance indicators.
➢ The key HR and Personnel service performance indicators.

The costs of the service

2.3.2   Some information established was clear and helpful. Other information proved less clear and led to further challenge and additional analysis from other data sources. A cautious approach to drawing conclusions based on 'alleged' like for like costings has therefore been adopted.

2.3.3   Cost comparisons are provided by each service. This helps to ensure consistency in approach. A summary analysis of how service costs compare with other Unitary and Metropolitan authorities, drawn from the Saratoga database is presented below:

❖   Personnel Costs are £310 per FTE, the average is £295, a gap of 5%.

❖   Training costs are £345 per FTE, the average is £267, a gap of 29%.

Note: These figures are based on 2000/2001 actual 'outurn' costs.

The Number of Service Staff

2.3.4   Saratoga research shows Leicester City Council's position against Unitary and Metropolitan authorities as:

➢ One personnel FTE per 97 employees (FTE's). The average is one personnel FTE per 114 employees suggesting that the Council has 17% more Personnel staff than most comparators.

➢ One training staff FTE per 169 employees. The average is one training FTE for every 213 employees suggesting that the Council has 26% more training staff than most comparators.

❖   One safety FTE per 660 employees. The average is one for every 701 employees. This suggests that we have 6% more safety staff than most comparators.

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The ratio of central and departmental staff compared with other Unitary and Metropolitan authorities

2.3.5 Local Authorities have different arrangements for the structure and configuration of their service staff, for example some authorities have mainly 'centralised' service delivery whereas others have mainly decentralised service delivery. Saratoga based research shows that we have proportionally fewer centrally based staff compared with most other Unitary and Metropolitan authorities.

The time spent on activities relating to each of the main service themes

2.3.6 Research into the staff time spent on delivery of respective HR and Personnel Services suggested that we spend more time than most similar authorities on Pay & Benefits Management and Conditions of Service, Resourcing, Employee Relations, Training and Development and Equality services. Other service costs fall into the average band with Occupational Health activity costs low. The above average staffing figures may well account for some of the differences.

Key Organisational Performance Indicators

2.3.7 To get an indication of how the service impacts on the wider performance of the Council, comparisons were made against Unitary/Metropolitan Authorities on the following key organisational performance indicators. The Council has:

➤ An average pay and pension level of £21,674 - 72nd percentile so places the Council almost in the top quartile. (Saratoga)

➤ A turnover level of 6.1% that is about 35% lower than the average of 9.4% and places the Council in the top quartile. Low turnover can help in terms of ensuring service delivery continuity and keeping the costs of recruitment and advertising down. The relatively high pay level could be a major factor in the low turnover rate at the Council. (Saratoga). However there are large variations between departments, e.g. Social Services is generally high.

➤ A low ill-health retirement rate, 0.2 % that is 71% lower than the Unitary average of 0.7%. This can help in terms of service delivery continuity and reducing the costs of premature retirement e.g. additional pension costs for the authority. (BVPI)

➤ High level of training days 3.52 per FTE, 35% higher, compared with a 2.6 average. This means that the average full time employee spends about 4 days a year being trained. This is noticeably more than the average for other Unitary and Metropolitan authorities. (Saratoga) No data is available on the effectiveness of the training.

Best Value Performance Indicator	Leicester City Council	Unitary median	All Local Authorities median	Performance
BVPI 11: Percentage Senior Management Posts filled by women	21.6%	27%	22%	Average
BVPI 12: Number of Working Days lost to Sickness	8.9	10.2	9.9	Average Plus
BVPI 13: Voluntary Leavers as Percentage of Staff in Post	6.1%	11.4%	10%	Very Good
BVPI 14: Early retirements (excluding ill health) as Percentage of Total Workforce	0.29%	0.33%	0.42%	Very Good
BVPI 15: Ill-health Retirements as Percentage of Total Workforce	0.16%	0.37%	0.42%	Very Good
BVPI 16: Number of staff declaring meeting DDA Definition as Percentage of Total Workforce	1.98%	1.4%	1.5%	Very Good
BVPI 17: Minority Ethnic Community Staff as Percentage of total Workforce	21%	1.4%	1.3%	Very Good

Table: Performance against BVPI comparators

The Key HR and Personnel Service Performance Indicators

2.3.8 Research into the use of performance indicators for different service units showed a variety of different methods being used but a lack of an overall performance management framework for the service as a whole.

2.3.9 Services are currently predominantly of a decentralised, operational support nature. There are many different delivery points and the variations between different units in terms of practice, systems etc. was noted. This contributes to above average service costs and gaps in service delivery to meet key Stakeholder needs.

Workforce representation

2.3.10 The review also compared aspects of the Council's workforce profile and implications for the service. The table below shows the profile of the Council's workforce on ethnic, gender and disability, and the changes between 1998 and 2001. A comparison with the local population is given.

Table: Workforce Profile: Ethnicity

	1998 %	2001 %	Local Population (1991 Census)
White	73.7	73.5	72.8
Black	4.4	3.9	2.6
Asian	15.8	16.9	23.9
Other	5.9	6.7	.7

Gender	1998 %	2001 %
Men	39.5	41.1
Women	60.5	58.9

Disability	1998 %	2001 %
Disability	4.1	2

2.3.11 This shows that the proportion of white employees is broadly in line with the local population, the proportion of black employees has fallen slightly but remains over- represented and the proportion of Asian employees has increased over three years but still remains below the local community figures.

The balance of gender has remained at a similar level with women outnumbering men on a 3:2 ratio.

The proportion of disabled staff has fallen noticeably over the period, albeit from a lower numerical base.

2.3.12 Representation at management level reveals additional comparative data:-

	SO %	PO1-3 %	PO4-4 %	LSMG %	JNC %	Local % Population
White	63	74	86	92	95	72.8
Black	4	5	3	0	0	2.6
Asian	18	12	8	0	5	23.9
Other	5	9	3	8	0	.7

Gender	SO %	PO1-3 %	PO4-4 %	LSMG %	JNC %	Council as a whole
Men	45	51	69	63	78	41.1
Women	55	49	31	37	22	58.9

2.3.13 These tables show that the more senior the grade, the higher the proportion of white employees. The trend for Black and Asian employees at 'Senior Management' grades, shows under representation at the top two salary grades. The trend in gender shows an overall increase in representation of men at senior level and decrease in women, although the trend is reversed at LSMG level (compared with PO4-5).

2.3.14 Compared with other authorities, we have a higher proportion of employees from an ethnic minority background (see BVPI's) and the percentage of senior management posts filled by women is below the average for Unitary authorities but about average for all local authorities. The proportion of disabled staff is higher than that of most other local authorities.

2.3.15 The impact of Equality policies on the stated commitment of having a workforce that is broadly representative of the community served by the Council would appear to have had mixed results.

2.3.16 Additional evidence of the impact of policies is drawn from the number of staff complaints for harassment and discrimination.

Number of complaints by staff of harassment by gender, race and disability (1998-2001).

	1998	2001
Sex	43	4
Race	32	12
Disability	5	2

The figures show a noticeable drop in the figures over the three year period.

Salary Levels

2.3.17 Comparison of in-house and CIPD / Reward Group national salary Survey for 2000 shows a close comparison with council HR and Personnel salaries. The table suggests that our pay rates are broadly in line with the market, although a more authorative analysis would require comparison based on Job description match and note sector variables e.g. market trends in specific occupational and professional areas.

	Survey	In-house
Personnel /Human Resource Director	56,757	45,000
Chief Personnel Officer	43,000	
Personnel Manager	33,000	32682
Senior Personnel Officer	26,398	25381
Personnel Officer	22,000	21,055
Assistant Personnel Officer	17,000	16389
Personnel Assistant	14,738	
Personnel Clerk	11,970	11,383
Training Manager (junior)	25,158	
Training Officer	21,572	25,381
Training Instructor	13,500	
Training Assistant	11,000	11,383

2.3.18 From the comparison it is reasonable to draw the conclusion that pay rates are not working against service cost competitiveness. Any service savings would therefore need to arise from improved service efficiency.

Comparing with high performing services

2.3.19 To help us understand and learn from other authorities Personnel and HR services, we contacted the following authorities , both of whom received good Best Value ratings; Northumberland County Council and Kensington and Chelsea.

2.3.20 Northumberland County Council received a 3-Star rating in their Best Value Inspection of its Personnel Service. Strengths identified were:

❖ Strategic focus and clear purpose
❖ Professional competency – a good track record
❖ Excellent quality standards and policies
❖ Highly valued by customers who found the service responsive and reliable.

2.3.21 The service provision at Northumberland is highly centralised, it is economic and highly valued. At Leicester there is a much greater devolvement of the service, it appears more expensive and its effectiveness is challenged. Northumberland appear to have similar infrastructure problems to Leicester such as the IT based information systems but they do seem to have positioned the service more as a strategic resource. On a sample of one it would be wrong to say that Leicester should slavishly follow the example of Northumberland. However it sets a performance benchmark against which options of structure and service style could be judged.

2.3.22 Kensington and Chelsea received a 2 star rating . Strengths identified were;

• Clear strategic purpose
• Highly valued by Chief Officers and middle managers
• Advice on employee relations

- Easy access to devolved staff
- Well developed intranet site
- Developed innovative recruitment and retention schemes

A summary report is provided in Appendix 4.

Comparison of Services provided by Council Personnel Departments

2.3.23 The service profile shows that staffing ratios vary between departments. This means that, whilst overall staffing levels are above average, staffing levels within departmental service units vary significantly and include some 'top quartile performance figures'.

2.3.24 In order to try to understand the differing staffing ratios between Departments an 'on the ground' examination of a number of Personnel Teams was undertaken to explore whether different standards or different levels of service are being applied. Whilst it would have been more satisfactory to look at all Personnel Teams given the time constraints, a sample of Commercial Services, Social Services, Environment and Development and Arts and Leisure was selected. The key issues that are emerging are as follows:

- Each Department is very diverse in terms of its workforce, which has an impact on the culture and style of the Department e.g. Commercial Services has a large manual workforce, Social Services has large numbers of caring professionals, E & D a mix of high profile public services. This, in turn, seems to make each Department a small distinct 'business' in its own right with, at times, very unique problems. This can be evidenced by dealing with disciplinary matters that can take up to 5 or 6 days to hear in Social Services due to the sensitivity and complexity of the allegations, whereas one day is the norm in other areas, or even half a day in Commercial Services.
- The Management culture in each Department also seems to influence the way Personnel services are provided. For example, some areas (Commercial Services and Arts & Leisure) are very cost focussed where managers' expectations are high in terms of quick responses and value. The size of the Personnel team in Commercial Services is indeed fixed by the level of contribution from each service area in that Department. This means that the team are less able to participate in corporate working groups and meetings than others (i.e. non costed activities).
- This combination of demands, sometimes conflicting, may also explain attempts by some to be more proactive in helping their Managers to get the best out of the systems rather than sticking rigidly to the procedure.
- The Service provided can also be influenced by national as well as local requirements, e.g. statutory requirements on Social Services to use assessment centres for the recruitment of all residential social workers and the need for most of their employees to have police and other additional checks before commencement.
- However a key finding from this exercise was that all teams appear to provide similar services. The variations in service provided are generally small, e.g. in Commercial Services (cleaning), Personnel do not get involved in the selection and recruitment process until the preparation of contracts - this is

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mainly due to the high turnover in cleaners. Turnover in cleaning and catering staff is approximately 70%. Social Services generally do not monitor short-listing, again due to the high turnover in virtually all Social Services occupations, currently running at 27%. Arts and Leisure provide a full job evaluation service, brought about as a result of a budget reduction exercise, which is not provided by any other personnel team.

2.3.25 The Council has many policies and procedures, and most of them have Managers Guidelines with model letters included as part of the pack. The examination did not generally find major differences between the service provided by the different Personnel Teams. However, many Managers find themselves in these situations infrequently and so use personnel teams to advise, guide and support them (and indeed the Guidelines encourage this, recognising that consistency of interpretation and action is a problem). However, in trying to be too prescriptive and regulatory, these procedures have stifled the development of managers, to the point where the process itself has become paramount rather than the objective and outcome. For his reason, there is a need to review key policies and procedures possibly replacing them with guiding principles / service standards which, with an improvement in management skills and competencies, should free up staff to act more as sounding boards, advisers and change makers.

2.3.26 The findings suggest that necessary service efficiencies may be found by improved communication and exchanging and sharing of good practice between service department units. It is proposed that the Improvement Plan highlights the need for ongoing efficiencies against agreed benchmarks, with more exchange of good practice between different departmental units. This should also complement the need to establish core service standards applicable to all service units.

Resourcing Efficiency : The role of the Job Shop and Standby Register

Job Shop

2.3.27 The Council currently administers the 'front end' of the recruitment process through the Job Shop. This provides a single point of contact / referral for job applicants and enquiries, enabling easier tracking of jobs and applicants.

Relations between the Job Shop and some departments who argue for decentralised arrangements, need to improve. This review found that the Job Shop needs to improve the management of customer care with departments and establish formal service user groups to address standards of service. The more sophisticated recruitment requirements of many service departments does stretch the ability of the Job Shop to meet user needs, without investment in improved system technology, e.g. improved use of Information Technology, on line recruitment, market profile information, applicants profile etc. It is therefore proposed that the Job Shop be given 12 months to agree acceptable service standards to meet service departments' current and future needs. Failure to achieve the necessary improvements should result in greater flexibility of recruitment and selection management led by service departments, subject to

key corporate requirements being met e.g. equalities monitoring.

The Standby Register and the Council's Use of Agency Staff

2.3.28 The Standby Register was established a number of years ago by the Council to provide help and support for young people to gain a foothold on the employment ladder by providing a means of access to temporary vacancies in the Council.

2.3.29 Over recent times, the needs of the Service managers have changed such that the Register is increasingly used as an 'In house' Recruitment Agency for short-term vacancies. Managers have the flexibility to use the Register or external Private Recruitment Agencies.

2.3.30 Research conducted as part of this Review shows that the 'In House' service is price competitive with Private Agencies on a single case by case basis. However, some managers have negotiated special rates with private agencies and achieved discounts for 'bulk purchase' long-term contracts etc. Some managers therefore criticise the Standby Register as being too expensive.

2.3.31 The 'In House' Standby Register does apply standard local government entitlements for employees, while private agencies, in the main, do not. These costs are borne by service managers. This can typically add 25% on top of the cost to the service manager. This is roughly equivalent to the 'service charge' applied by the Recruitment Agency. (See tables below)

'In House' Standby Register

Actual Pay to Clerk Scale 2 SP 11	NI & Pension	Emp' insurance & Payslip	A/L, B/H, Sick, C/L, + benefits as above	Overheads at 6%	Charge rate to manager
£6.12	£1.02	£0.19	£1.14	£0.50	£8.97

'High Street' Recruitment Agency

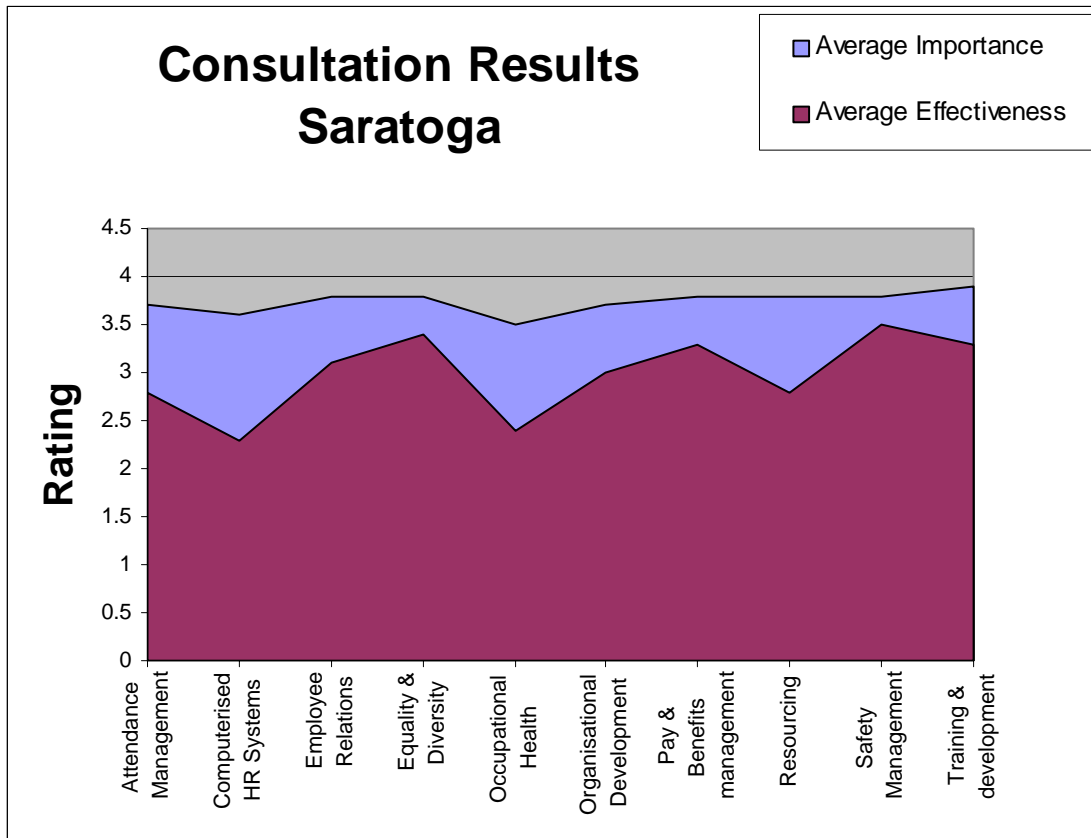| Actual Pay to Temp	NI, Admin, A/L, Emp. Insurance	Agency Profit Margin 29%	Charge rate to Manager
£5.50	£1.49	£2.02	£9.01

2.3.32 The Council's use of temporary staff has increased significantly over recent times. A procurement exercise is currently underway to improve the Value For Money that the Council obtains from the use of agencies. This review recommends that this exercise includes within its scope, recommendations on the future role of the Standby Register.

2.4 Consultation

2.4.1 Saratoga conducted a survey with senior managers, service managers and HR and Personnel staff. A standard questionnaire was applied to enable results to be benchmarked on 'importance' and 'effectiveness' rating scales. There are some misgivings about the validity of the Saratoga data on which much of the analysis of the service depends. Notwithstanding this concern and noting that comparison is a complex and imprecise process, it is considered at least the marked differences are sufficient to support the formulation of a general analysis of the service.

2.4.2 The survey was supplemented with a number of focus groups of service managers and employees, a number of individual meetings with senior managers and meetings with other key service stakeholders e.g. Trade Unions, Equality Advisers. No consultation was carried out with external agencies as this is predominantly an internally facing service.

2.4.3 The table below shows the summary in rank order of the average importance and effectiveness results of respective services:

Average Importance		Average Effectiveness	
Service	**Service Customer Rating**	**Service**	**Service Customer Rating**
Training & development	3.9	Safety Management	3.5
Safety Management	3.8	Equality & Diversity	3.4
Equality & Diversity	3.8	Training & development	3.3
Pay & Benefits management & Conditions of Service	3.8	Pay & Benefits management & Conditions of Service	3.3
Employee Relations	3.8	Employee Relations	3.1
Resourcing	3.8	Organisational Development	3.0
Organisational Development	3.7	Resourcing	2.8
Attendance Management	3.7	Attendance Management	2.8
Computerised HR Systems	3.6	Occupational Health	2.4
Occupational Health	3.5	Computerised HR Systems	2.3

2.4.4 The above data is shown graphically below to draw out the overall difference in the pattern of rating:

Consultation Results Saratoga

Average Importance
Average Effectiveness

Rating

(Chart showing ratings from 0 to 4.5 for: Attendance Management, Computerised HR Systems, Employee Relations, Equality & Diversity, Occupational Health, Organisational Development, Pay & Benefits management, Resourcing, Safety Management, Training & development)

2.4.5 The survey showed that:

❖ The scores for importance were overall higher than those for effectiveness. There ought to be some symmetry that would indicate that the effort was being targeted to the areas of most importance/priority.
❖ The range of average scores at 0.4 for importance was not great, i.e. from 3.5 to 3.9 but for effectiveness there is a greater range of the average score of 1.2, i.e. from 2.3 to 3.5.
❖ There is a degree of correspondence between importance and effectiveness but with effectiveness consistently occupying a lower rating suggesting a gap in expectations.
❖ The most important service is **Training – 3.9**
❖ The most effective service is **Safety**. **– 3.5**

2.4.6 The following services all scored at level 3 or below on **effectiveness** and suggest the need for particular attention and improvement;

❖ Resourcing   2.8
❖ Organisational development   3.0
❖ Occupational health   2.4
❖ Attendance management   2.8
❖ Computerised HR systems   2.3

2.4.7 Many senior and service managers in the consultation raised the importance of effective IT support systems. By common consent current arrangements are considered to be poor and so could provide some explanation for low scores for Resourcing and Attendance management, e.g. the incapacity to provide regular standard reports on sickness and attendance figures. The lack of an effective IT system can also provide an explanation for the relatively high 'activity cost figure' e.g. personnel staff having to maintain manual information systems, double input of data and provide manual data in a variety of formats for corporate reporting requirements.

2.4.8 Summary of findings as a result of the other consultation exercises:

Importance issues:

Service Style

❖ The need to develop the strategic capacity of the service to make real contribution to agreed Council policy priorities e.g. exploiting the role of corporate service Units as agents for Organisational Development and Change.
❖ A need to develop the strategic role of the service to enable stronger impact on Council priorities e.g. the Council's role as a local employer, commitment to life long learning.
❖ Addressing concerns for stronger corporate leads in pay and grading management
❖ Stronger corporate lead on Health and Safety policy improvement
❖ More attention to softer HR issues e.g. development, culture management
❖ The need for greater innovation and creativity in service design and a more proactive and assertive style of service delivery
❖ Refreshing new approaches needed for Equalities management
❖ Innovation and creativity and improved marketing and communication of the service

Effectiveness issues:

Joining up strategic policy

❖ A diverse service that needs improved co-ordination and better integration
❖ The need for improved working between and across departmental based units and between central and departmental units as a means of improving consistency of service standards

Poor record on strategic deliverability and implementation

❖ The need for clear service goals, service standards and effective delivery mechanisms.
❖ Better data management and performance based information systems
❖ The need to improve service competitiveness in key areas e.g. employee resourcing
❖ The need for clearly defined and agreed service priorities that can deliver real service improvements in agreed areas

- ❖ Access to development opportunities for all staff.
- ❖ A need Greater emphasis on staff development and training and the need to address for improved policy development processes with greater attention paid to involvement, implementation and evaluation
- ❖ The need to strengthen the corporate capacity of Training and Development and Health & Safety.

Procedure focus

- ❖ Examples of good practice and positive responses to local delivery
- ❖ Improved process management e.g. turnaround of recruitment tasks
- ❖ Improved coherence in the Council's policy in practice for Training and Development

2.5 Compete

2.5.1 The Office for Public management (OPM) undertook a market analysis of alternative service providers. The three Councils outsourcing the work are reporting lower costs and improvements in service delivery. Most however still seem to be providing the service in house with a small measure of externalisation. The table below summarises the picture.

Authority	Organisational Form	OPM Key Findings
Westminster City Council	Main HR services contracted out to Capita	• 70% financial savings – equivalent to £70K/year • Challenge in ensuring high quality of delivery
Lincolnshire County Council	Partnership with Hyder Business Services	• Estimated savings of £500K/year • Challenges in adapting to culture change and new ways of working
Blackburn with Darwen Borough Council	Partnership with Capita and small centralised and decentralised in-house HR teams	• Higher quality in delivery because of new ways of working conditions for staff • Challenges in ensuring good change management during the transition period
Bristol City Council	Mix of centralised and decentralised provision	• Delivery in-house, except partnership with City of Bristol College and use of private training and development programmes
Wandsworth Borough Council	Mix of centralised and decentralised provision	• Outsourced part of recruitment and training/development services to different private service providers
City of York Council	Mix of centralised and decentralised provision	• Most recruitment services are delivered in-house, except advertising services • Training and development services outsourced to a number of different agencies and individuals
Nottinghamshire County Council	Mix of centralised and decentralised provision	• Delivery in-house, except web recruitment • Current structure is under review
Bolton Metropolitan Council	Mix of centralised and decentralised provision	• Most services delivered in-house, except advertising and some training and development services

2.5.2 The Best value review has identified service areas that are uncompetitive compared with other relevant authorities, including those that have outsourced service delivery. In addition, comparative data suggest that our operational unit costs for the following services are high:

- ❖ Pay & Benefits Management and Conditions of Service
- ❖ Resourcing
- ❖ Employee Relations
- ❖ Training and Development
- ❖ Equalities

2.5.3 The review has suggested that the following factors contribute to relatively high unit costs;

- ❖ Decentralised service delivery with a number of department units increasing unit costs, limited opportunities for economies of scale.
- ❖ Reliance on manual operational processes, lack of effective IT support
- ❖ Duplicate decentralised service delivery of common services e.g. delivery of management and supervisory training and development.
- ❖ Predominantly operational as opposed to strategic service focus.

2.5.4 Market analysis carried out by OPM indicates substantial cost savings made by authorities that have outsourced their Human Resource and Personnel Services, e.g. from £70,000 - £500,000. It is difficult to assess what the savings might be, if any, at Leicester.

2.5.5 However in all cases there is anecdotal evidence of service quality being adversely affected e.g. clash of cultures had adverse impact on Council HR staff and service manager's qualitative assessment of the service immediately following outsourcing.

2.5.6 Examples of cost efficient services exist within the Council. It is considered appropriate that the service learns from Best Practice examples available 'In House'.

2.6   Summary of Service performance

2.6.1 This chapter aimed to assess the performance of the service. A number of challenges were set out at the beginning of the chapter (2.2.2 p.15). A summary response to each challenge is set out below: -

- ❖ To justify the costs of the service delivery against quality service standards:

  - ➢ *Why does the authority have a range of different costs and staffing ratios between different Departments?*

    The service is a predominantly devolved service with each department having it's own service to meet particular needs. Some variation is due to different service requirements, however some differences reflect broader cultural factors that influence costs and staffing ratios.

➢ *Is there any correlation between staffing ratios, service costs and service quality?*

The review found no clear correlation. Good practice and praise for particular services and service outcomes or impact did not appear to relate directly to costs and staffing ratios.

❖ To review the role and purpose of the service to incorporate Best Value management and greater integration where needed, e.g. strategic and operational level, intervening in anticipation of problems, responding with creativity and innovation, challenging established systems and rules, being solution focused and delivering against objectives.

➢ *Are the current arrangements compatible with the future needs and priorities for the service?*

The review concludes that a key improvement for the service is a clear strategic role and purpose. This will have an impact on service policy, strategy, structure, systems, staff and service goals and workplans.

➢ *How will the service continuously improve its' ability to listen to and understand employees and ensure a responsive service continuously changing to meet both employee and employer needs?*

The consultation work emphasised the need for improved service communication including regular briefings, updates etc. and consultation forums to check out customer needs.

❖ To challenge the rationale for current service structures and working relationships, e.g. the respective roles and responsibilities of central vs. departmental teams; reviewing roles and exploring resourcing options.

➢ *How well do service managers embrace Best Value management principles e.g. adopting and integrating the 4 'C's?*

The review found good practices but overall a mixed and inconsistent picture. This suggested the need for an integrated performance management framework for the service as a whole.

How can the service embrace continuous service improvement and ensure the effective integration and collaboration needed for such a complex, cross department, multi-faceted service?

Service integration needs to improve and better working between central and departmental units. Improved serviced work planning to reflect corporate and departmental needs and priorities is one way. Changes in style of service delivery is another. Clear strategic purpose, understood and owned by service staff will underpin longer term improvement.

❖ To challenge specific service functions for their competitiveness including MDU, OHS, nursery, standby register and 'non-core' services; reviewing roles and exploring delivery options. E.g. out-sourcing, and partnerships

➢ *Are current In house services competitive? -*
Some service units appear to be very competitive, however the various costing systems used by different departmental service units means that it has been difficult to validate accurate like for like costings. Overall the review findings suggest that there is scope for improved competitive performance. However the need for redirection of service resources is a recommended as a key requisite to achieving any long term and sustained improvements in competitive performance. An improved basis for accounting for service costs is a key finding to emerge form the review. This will provide the platform for departmental and corporate service units to make competitive assessments with greater confidence.

❖ *To establish robust and reliable data and information systems that can accurately inform on service performance and continuous improvement.*

The lack of a IT system to provide functional support to service needs is a major weakness in the service currently. Inefficiencies and lack of basic data need to be addressed if the service can seriously be considered to be providing Best Value.

Chapter 3: Service Improvements
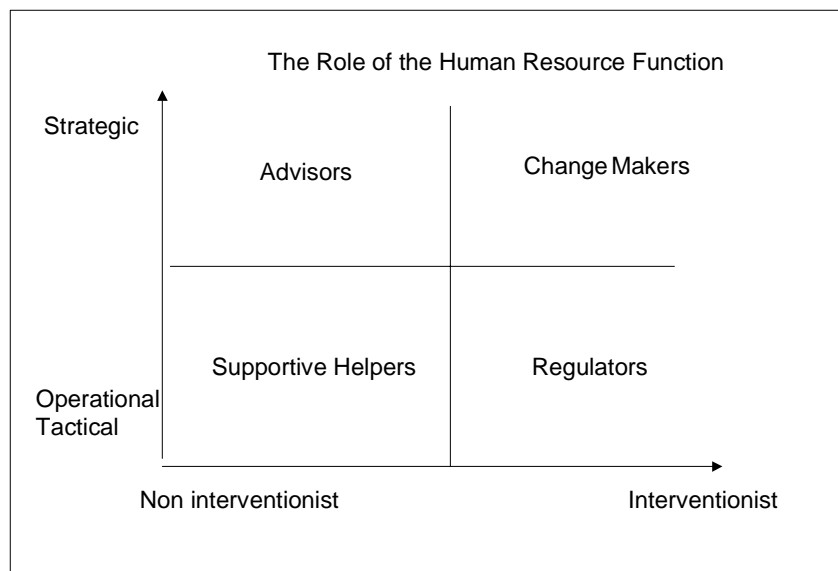
3.1   Strategic Choices

3.1.1   The Best Value review has highlighted some conflicting views and opinions about the main purpose of the service and the type of service that is needed for the future. The wide range of effectiveness scores may relate to the fact that scorers have different views about what the role of the service is and therefore score against different criteria. In order to improve the service effectively and ensure that resources are managed well, strategic choices on the nature and type of the service needed for the future should be considered and ultimately agreed upon.

3.1.2   Three key questions have been posed to select the choice of service;

❖   What type of HR service do we need in the future?
❖   What are the implications for service resources?
❖   What is the preferred choice for procuring the services in the future?

What type of HR service do we need in the future?

3.1.3   The following model has been adopted to help explain the situation that the service faces, and the choice in strategic direction.

Adapted from Storey. J. Developments in Management and Human Resources 1992

3.1.4   The model proposes that the service can be focused around choices about the extent to which it should have a strategic versus an operational focus, and an interventionist versus a non-interventionist focus. Another way of looking at the model is that a service that is resourced to provide the 'supportive helper' role will be less likely to add much value if the service customers need a more

'Strategic Advisory' or 'Change Maker' role. Each of the four quadrants reflects a different type of service as summarised below;

Operational/Tactical:

❖ **_Regulator (interventionist),_** i.e. a service that predominantly regulates operational activities and behaviour through rules and systems;

❖ **_Supportive Helper (non- interventionist),_** i.e. a service that exists to give line managers advice and comfort at the day to day level

Strategic:

❖ **_Adviser (non- interventionist),_** i.e. a service working to support line managers' interventions;

❖ **_Change Maker (interventionist),_** i.e. a service working to bring about organisational change and effectiveness;

3.1.5 The model assumes that an effective service needs to have a clear main role and purpose. A service that tries to fit in all four quadrants will be confusing, wasteful and unlikely to achieve overall service objectives. Evidence from the Best Value review suggests that the service does lack this focus and tries to fit in all four quadrants. However the pressure to deal with the immediate means that the majority of service resources are allocated to the supportive helper zone. This tends to make the service highly operational and so operate at the higher cost/lower added value end of the model.

3.1.6 The review concludes that a strategic choice should be made about the type of service needed by the council in the future. The type of service of course is closely related to the type of employer that the Council wants to be. However depending on the preferred choice, this review argues that there are implications for the type of service structure, the type of service delivery model and the resources applied to the service.

3.1.7 To help outline the nature of the choices available, a summary of each element of the model is presented below setting out implications for structure, systems, staffing, style and key accountabilities.

Option 1 - A more regulatory service (Operational Interventionist).

3.1.8 Service priority would be to regulate the application of HR and Personnel processes. There would be an increase in monitoring and checking of how corporate policies are being applied within departments. Authority would rest with corporate units to intervene in departmental activities. Organisationally there would be a shift toward a more centralised service structure with central units leading in policy development and monitoring. There would be reduced autonomy for departmental units to develop 'local policy variations', the priority would be for 'everyone to do it the same way' e.g. recruitment, ERDs.

3.1.9 The service would be accountable for ensuring compliance in the application of employment processes. Jobs would be largely operational. Systems would be

more centrally driven and service outputs would be monitoring records of activity and behaviour against policy processes. The service would be accountable for ensuring agreed levels of compliance in employment processes across the whole of the authority.

Option 2 - More supportive helper (Operational Non Interventionist)

3.1.10 Service priority would be given to responding to local service managers' operational needs. Information, advice and practical help would be available and be applied subject to local managers discretion and ultimate authorisation. Decentralised service structures with a high degree of local autonomy over service activities and resourcing, e.g. numbers and types of service staff. Centrally based units would fulfil a policy co-ordination role, but would remain small in size with limited formal authority.

3.1.11 Systems would be largely decentralised with variations between different departments and limited corporate co-ordination. Policies would have more local discretion built in and service jobs would be largely decentralised and operational in nature.

3.1.12 Line (Personnel) managers would have relative autonomy over the service therefore service quality could be subject to high levels of variation e.g. pockets of good practice and pockets of bad practice. The line managers would largely determine the accountability for the service with departmental management teams having a co-ordinating role for service performance information.

Option 3 - More Advisory (Strategic Non Interventionist)

3.1.13 The service would be more closely allied to departmental business priorities with typically Departmental Management Teams (DMT's) determining priorities for the local service e.g. the people dimensions of major policy or project plans.

3.1.14 A decentralised service structure would be in place with corporate units co-ordinating a more strategically focused set of service activities. Systems would remain largely decentralised to suit local needs. Jobs would be of a more generic nature e.g. HR generalist, consultancy type. A small number of specialist posts could provide additional support from the corporate centre. The service would be more accountable to DMT's for the achievement of agreed outcomes of policy or project plans, with central units playing a co-ordinating role in agreed areas.

Option 4 - More Change Maker (Strategic Interventionist)

3.1.15 Service priority would be to achieve agreed corporate goals and targets linked to identified corporate policies and / or project plans e.g. Improve senior manager skill levels to complement Revitalising Neighbourhoods proposals. Service style would be more proactive with typically a number of projects designed to achieve one single outcome.

3.1.16 A more corporate structure with new skill requirements e.g. Organisational Development, performance management, will be needed but with close working links to senior staff in departmental units e.g. to form and join project teams.

More generic working between different professionals (Personnel, Training and Safety) will also feature.

3.1.17 Systems will be centrally managed but will need to be co-ordinated between local service units. The service will be accountable to corporate bodies e.g. Directors' Board or Strategic Resources Group for agreed policy or project outcomes.

3.2 Analysis – Strategic improvements

The review has established that there are competing demands for the service. For example, some stakeholders argued that greater consistency in procedural application was needed with more corporate checking and reporting of practice (i.e. more regulations). Other stakeholders strongly opposed this and argued strongly for more emphasis on standards of behaviour (and skills) by managers as a way of ensuring greater consistency (i.e. more strategic interventionist).

Many line managers argue that there isn't always enough operational support and would prefer more resources to be applied here (i.e. more operational helpers). In general terms, more senior managers argued for a more strategically focused service, with junior and middle managers arguing for a more operational service.

3.2.1 The review has highlighted the fact that the service is predominantly resourced to meet operational tactical (i.e. non strategic) service needs with the majority of resources being applied to the 'Supportive helper' type of service role. This is reflected in the costs of the service and the levels of effectiveness (i.e. added value). However some of the main service gaps identified for the future suggest the need for a shift in focus toward a greater strategic intervention role, i.e. that of change maker. Evidence of these gaps cover the following areas:

❖ Capacity of the service to address performance management and organisational development needs e.g. culture management, focus on development and softer skills.

❖ Capacity to respond to training and development requirements of 'Revitalising Neighbourhoods' proposals including attention to behaviours and attitudes, manager competency requirements and attending to 'soft systems' e.g. a values system that providing the same service to everyone is 'fair'.

❖ Clear service values and standards applied consistently in key service areas, that complement organisational values and standards e.g. creativity, balance, harmony and perseverance.

❖ The Council acting as a model employer in practice, to be able to demonstrate outcomes against agreed Community Plan priorities including equalities and diversity, improvements in lifelong learning targets, addressing basic skill development needs in the workforce e.g. literacy, numeracy, problem solving and communication.

❖   Support for higher-level interventions to solve more complex problems e.g. innovative use of IT to help solve recruitment and resourcing problems.

This review has concluded that the service can provide Best Value by realising its balance of resources to support a shift in focus to a strategic interventionist role.

Recommendations

1. *That the main focus of the service moves toward the change maker ('strategic Interventionist) and that service strategies, structures, resources and work programmes are developed to support this shift. This will involve changes to the corporate management of Personnel, Training and Health and Safety.*

2. *That Directors Board and Cabinet agree on the strategic priority work themes for the service and that these are used to inform a revised Human Resources strategy to set the direction and focus for future HR workplans and service resourcing*

3.3   Implications for Service Resources/Commissioning of the Service

3.3.1 The strategic shift in service aim will be delivered through the completion of the key tasks in the implementation plan which will realign the following areas.

❖   Policy
❖   Service structures
❖   Service systems
❖   Service staffing
❖   Service style
❖   Service costs

Policy

The current HR policies of the Council have been developed in a supportive helper/regulatory style.   This means a great deal of prescription about process and entitlements. Examples include the many procedures that are set out in the local conditions of service and schemes of entitlement. These have laudable aims of consistency and the achievement of minimum standards of management practice.   However their existence also brings the problems of interpretation, contest, development and maintenance.   These are the kind of operational activities that go to making the current service time consuming and so relatively costly.   These sorts of policies also hinder flexibility and thus the tailoring of needs to local circumstances.   Each of these policies would need to be challenged against the more strategic model of operation.   This would then provide a proper platform on which an external procurement of the service might be based. A clear programme of policy review will need to be developed and implemented

Service structures

3.3.2 Ultimately the structure of the service will of course depend on the final decisions about the style of the service and the procurement of it. However should the service be refocused and continue either in whole or in part to be provided internally some redirection of resources will be necessary. A rebalancing of resources between departmental service provision and corporate service provision will drive this. Proposals on resourcing will be developed to support the implementation of the HR strategy (see part 3.2.2) and Recommendation 2 above.

Service systems and Service Studies

3.3.3 New systems enabling managers to operate within a more strategically focussed service will include facilities like help desks, mentors, intranet resources, etc. There will be a requirement for investment in improved IT systems to improve operational efficiency, reduce service costs including operational activity costs and enhance overall service quality. Standards for service delivery will need to be developed and agreed between respective service units and business units, based on agreed core service requirements.

Service staffing

3.3.4 A more strategic based service will require a greater investment in line managers capabilities i.e. the service priorities need to focus on effective investments in management capabilities. This will enable management capacity to grow and develop and enable managers to become more skilled in people management. This in turn will require less operational support and 'comfort' from existing HR and Personnel services. This has major implications for both professional Personnel staff and line managers.

3.3.5 This will take time and there will be a need for targeted investments in management development to support the change. This is likely to require additional investment.

Service style

3.3.6 The service would become more interventionist but at a strategic level. Local implementation of the strategy would still remain and departmental service units will need to develop their HR strategies to complement the corporate model . A major emphasis would be placed on management competency in the area of staff management with a sound awareness of the main parts of employment legislation. The service would thus have to ensure the effective communication of these requirements to key customers, particularly setting out the benefits to operational managers.

Target for improvement - cost

3.3.8 There are four broad targets that could be set in terms of the competitive position of the service. Each carries a greater demand and potential benefit but this has to be tempered with a measure of realism:

- ❖ As we are with 2% saving
- ❖ Reconfiguration of the service based on 2% saving
- ❖ Average unitary authority in terms of service costs
- ❖ Top quartile unitary authority in terms of service costs

The implications of a shift to each of the three positions are summarised below

As we are with 2% saving

3.3.9 The priority would be operational service improvements. Resourcing options would be limited therefore the strategic capacity of the service would continue to be weak, unless additional investment in IT, Management Development and service staff development were made. This would increase the costs of the service however and it's competitive position would worsen. The ability of the service to achieve its main role and purpose would be dependent upon the Council 'subsidising' the service over the five-year period. Without changes in staffing numbers and service costs, the service would not achieve its' competitive target position.

Reconfiguration of the service based on 2% saving

3.3.10 Given the anticipated demands of Revitalising Neighbourhoods and the acknowledged need for more focused investment in skilling up managers and other Council staff, it is feasible and realistic to proposed that service resources are reconfigured to redirected towards the following;

- Additional ICT support to improve management information
- Training and development to support the cultural changes required in the Council
- Improving the strategic corporate capacity of the service.

This could be achieved by internal redirection of resources, however would require additional verification of the departmental cost structures to facilitate the shift of resources in practice.

Average unitary authority in terms of service costs and staffing ratios

3.3.11 On the basis of current figures (these are subject to confirmation), to move to this position, the service may have to reduce its service budgets by about £200,000. If this was the preferred choice, additional investment of would be service savings into improved IT systems would be necessary to compensate for a reduction in service capacity, however opportunities to reconfigure additional resources to support Revatilizing Neighbourhoods would be limited.

Top quartile unitary authority in terms of service costs and staffing ratios

3.3.12 On the basis of current figures (these are subject to confirmation), this would mean a reduction in service budgets by about £.5 million. This would have a noticeable impact on current service arrangements and require some changes to

service structures and delivery models. This could include alternative procurement options for some services. Additional investment over the short term (to include service savings) into improved IT systems, to improve service efficiency and Management Development, to ensure managers are properly equipped with the skills and knowledge to undertake agreed people management responsibilities, would be a requisite for such change and a programmed series of substantial service changes would take between three and five years to achieve target. This would put additional financial demands on the Council's budgets in the short term and cause major upheaval and constraints for individual service units.

Options for Procuring Services in the Future

3.3.13 The benchmarks refer to both service budget costs and staffing ratios. However more work is needed to verify departmental service costing structures in order that we can make valid like for like cost comparisons with confidence and broad support.

3.3.14 Evidence emerged in this review that we resource internally a lot of our training in areas such as Social Services rather than spend the money on sending staff to colleges, universities etc. This can be justified if our costs are competitive (and quality at least comparable). It would be unreasonable to use staffing ratios as appropriate benchmarks given this situation. The service cost benchmark would continue to challenge our own cost competitiveness.

3.3.15 Market analysis has shown that externalised services can result in service cost reductions. Evidence of labour costs in the personnel recruitment market shows that it is unlikely that these savings are derived from lower labour costs but more likely that they are achieved in relation to productivity factors. To achieve the shift from an operationally focused service to one that is more strategic will require noticeable investment in capability and capacity. It is this resource that may already exist which could make external procurement an attractive option. For example a prospective supplier might already have integrated IT based payroll/personnel systems in place, with spare capacity and able to meet the needs of the Council. Their staff may already be trained to function in a more strategic manner. Externally procuring this service or parts of it therefore have to part of a wider set of considerations.

3.3.16 Given the cautious, but realistic approach adopted in this review, to drawing firm conclusions from alleged like for like comparative data, it is proposed that a key priority for the service is to establish robust financial management systems that can validate service costs for both internal and external benchmarking purposes in the future.

Further, it is recognised that much more work is needed to establish effective management accounting systems that enable the effective management of proposed cost improvements.

Recommendations

3. That service resources are reconfigured and redirected towards the following;

- *Additional ICT support to improve management information*
- *Training and development to support the cultural changes required in the Council*
- *Improving the strategic corporate capacity of the service.*

4. That the service develops robust management accounting systems that are realigned to ensure the effective monitoring and review of progress toward agreed cost improvement targets.

3.4 Analysis – Operational improvements

Training

3.4.1 The authority has a 'good ' record on training days, one of the highest of all local authorities. However training costs and staffing ratios are also high. Given the importance of training, as stated by managers and the proposed strategic purpose of the HR service to 'invest in managers capabilities', the authority needs to benchmark it's future investment in training and development.

3.4.2 The following shows a range of different benchmarks:

1. Maintain current levels	£1.9 million	£303 per FTE	.7% Council's pay bill
2. Unitary average	£1.6 million	£267 per FTE	.6% Council's pay bill
3. Unitary 'top quartile' performer	£1.5 million	£237 per FTE	.5% Council's pay bill
3. @1% of pay bill	£2.66 million	£449 per FTE	1% Council's pay bill
4. Average UK	£2.84 million	£481 per FTE	1.1% Council's pay bill

An increase in management development training is considered necessary at to enable the redirection of the service. In addition, work is required to reduce the duplication of training delivery and improving the evaluation of impact.

3.4.3 It should be noted that a noticeable amount of our training is 'grant aided' on a matched funding basis (mainly in Social Services). It would be reasonable that this money continue to be ring fenced and therefore excluded from any financial savings that might otherwise be applied. For information, in 2000/01 about £350,000 of Social Services training was grant aided (about 47% of the total). The figures shown above (£1.9m) includes grant aided amount.

3.4.4 Training is a well supported service and was confirmed as the most important service by service customers. However there is a need to improve the impact of the service on overall Council goals and priorities. There is opposition to the reducing training expenditure and support for improved consistency in the development and application of policy. Given these facts and the proposed

change in focus toward a more interventionist service, the role and profile of the service is likely to increase over coming years. It is therefore proposed that a new corporate learning and development service replace the current Management Development Unit and a post of 'Head of Learning and Development' be established from within the current approved establishment to provide the corporate leadership for training and development services and lead on proposed training and development improvements.

3.4.5 In addition, discussions with the Council's lifelong learning division will continue to consider options to meet both workforce development needs and develop stronger community links with local learning providers to establish meaningful links between the service and the Council's commitment to lifelong learning.

Recommendation

4. *That a new 'Head of Learning and Development' post be created from within the current approved establishment to provide corporate leadership for training and development and the reconfiguration of available training and development resources.*

Computerised HR systems

3.4.6 Investment in improved IT systems is a critical issue to have emerged from this review for improving the HR service. These systems need to be integrated where this is appropriate. Indicative costs of a new system have been identified but further refinements may be needed and options on funding have been offered by suppliers e.g. deferred payments based on 'savings achieved as a result of implementation.

Recommendations

5. *That a new IT system is procured for the service and is a priority investment for improvement and that costs are met from departmental budgets and/or redirection of service resources*

Resourcing: Job Shop and Standby Register (and other Temporary Staff)

3.4.7 This review recommends that the Job Shop establish agreed customer service standards and plan for responding to customer changing recruitment and resourcing needs. The position of the Job Shop be reviewed in 12 months and a decision be taken then on whether the service remains or an alternative is procured.

Section 2.3.24 (p24) sets out the proposals for the Standby Register. In summary that the current Procurement exercise into the use of Temporary Agency Staff includes within its recommendations the future of the Standby Register.

Recommendation

6. *That the future of the Job Shop is determined following the production and implementation of a 12 month Planned Service Improvement Plan.*

7. *That the use of temporary employment in its various forms, be the subject of an in depth review with the objective of setting an optimum level with regard to market pressures, cost, effectiveness. This study must also include the scope for and merits of differentiated terms and conditions for this group of employees and the permanent workforce and the future role of the Standby Register is considered and recommendations made.*

Occupational Health

3.4.8 The resources devoted to this service is relatively small and it had the lowest importance rating. However it is an essential element in the management of absence from work due to sickness and the involvement in pre employment screening which impacts on the overall efficiency of the Council. Specific urgent action to address the poor performance rating is therefore necessary. Three issues are highlighted; firstly improving process efficiency (speed of getting appointments, speed of turn-round of pre-employment screening) secondly, changing the style of delivery (quality of advice, style of advice and inability to raise questions/clarification), whilst respecting medical ethics and professional standards. Thirdly, the funding arrangements necessitate a rigorous charging regime that may in turn focus line managers to question value for money. Given the relative low level of investment in this service, options for increased investment to address the problems identified are also needed. The strategic potential of the service has not been explored to date, identifying causes and sources of work related health problems and designing interventionist programmes to address such problems would help to minimise the need for the service in the first instance. Given the above and to create the possibility of a rapid improvement in service the following recommendations are made:

8. *That the service be tested against the market in line with the Council's procurement strategy and policies.*

Health and Safety

2.6.2 This was voted as the best performing of all HR services, however the Council has been subject to scrutiny and investigation by the Health and Safety Commission in recent times. Whilst some noteable improvements have been made to the impact of the service, this has caused some stresses and strains on the capacity. For example, a much needed revised Health and Safety manual has had to be commissioned from an external source, there is a need for rigourous policy development, review and monitoring. The ability of the service to sustain improvement over the long term is therefore in doubt.

It is therefore recommended ;

9. *That resources are redirceted to strengthen corporate capacity and provide better support and direction to departmental Health and Safety service units*

2.6.3 Service Communications

3.4.9 The need for improvements in the way that the service communicates was identified in the review. Given the range and nature of proposed changes and the potential impact on service customers and stakeholders, the importance of improved service communications is acknowledged. Resources will need to be identified for this in the reconfiguration of service resources

Recommendation

10. *That the service sets regular communication with service stakeholders and service improvements and developments and bulds in resource provision as part of the proposal (1) to improve the strategic corporate capacity of the service.*

Service Style

3.4.10 A key theme within the proposed shift in service focus is to change the service style, with more focus on service outcomes rather than procedures, integrating with business and service priorities, offer innovation and creativity, and achieve consistency through clear service standards. There will be a need to review key job roles, current structures, within the context of Revitalising Neighbourhoods proposals, and ensure appropriate development opportunities for service staff.

Recommendation

11. *To review key job roles and current service structure and bring forward proposals for service development programme.*

Lack of Deliverability

3.4.11 Comments from managers and stakeholders confirm a frustration with a 'perceived' history of non-deliverability and key corporate projects. Service staff counter such claims referring to products and reports which have 'delivered', however because of difficulties in decision making, matters have become stalled and a general lack of progress has been a source of frustration for all.

Progress has already been made on the work with annual work planning setting out proposed products and service based on agreed service priorities. It is proposed to extend this practice and link it to the revised HR strategy. Service communication needs to reflect proposed and actual delivery.

In addition, some key products were mentioned for delivery including a new Job Evaluation scheme.

Recommendations

12. *Annual service plans that focus on agreed strategic priorities will be developed, with appropriate review and evaluation methodology.*

Equalities

3.4.12 Evidence also emerged that Leicester is one of a small number of authorities that is able to record 'activity costs' for Equality and Diversity. Of those that do record it, our costs are one of the highest.   This gives some indication of why overall service costs are relatively higher. The future challenge for the equality of service delivery is to continue to improve the return on this investment in 'activity', possibly by adopting new and different approaches.

3.4.13 Policy initiatives introduced over recent years have had mixed results:

- Organisational forums such as Black Work Group, CREG, Lesbian Gay and Bi-Sexual, have helped to give organisational authority to representation issues.
- Recruitment and selection procedures comprehensively deal with equality issues and the number of complaints have fallen over recent years. However, some managers complain of some conflict with service needs.
- Positive Action training has included individual and one off successes, but have made little real impact on the Council's commitment to a 'representative workforce', with, for example, women continuing to be under represented at senior management level.

3.4.14 The launch of the new Equality Standard for local Government (incorporating Race, Gender and Disability) supports the principle of no hierarchy of discrimination and underlines the inter-relationship of equality issues i.e. individuals are affected by more than one aspect of discrimination.

3.4.15 The award of Beacon status for 'Promoting Race Equality' has helped to establish our relative position compared with other local authorities. However there is a need overall to refocus our work on outcomes and impact.

3.4.16 It is therefore proposed that;

13. Carry out authority wide audit against new generic equalities standard

14. Evaluate impact of WIMI and other positive action initiatives and bring forward proposals to improve representation of women in senior management

CONCLUSIONS

3.4.12 In conclusion, the HR service improvement plan should be judged against the following service outcomes;

- ❖ A more strategic and unified service
- ❖ A competitive and cost sensitive service with agreed standards that underpin service performance
- ❖ A more data responsive and adaptable service
- ❖ Raising of skill levels and competencies within the Council's workdforce
- ❖ More cost effective opportunities to access temporary staffing
- ❖ Improved cost and quality of Occupational Health Services
- ❖ Improve knowledge and awareness of HR services and products by managers.
- ❖ Improved skills of HR service staff
- ❖ Improved mainstreaming of HR equalities by refocusing on impact, ownership and planned outcomes.

The Improvement Plan has the following overarching aims:

1. To complement the Council's commitment to Revitalising Neighbourhoods
2. To establish meaningful and measurable service costs data that can inform progress toward an agreed competitive service
3. To establish measurable service outcomes that provide a focus for ongoing continuous service improvement
4. To provide a focus for the agreed strategic service priorities to inform future resourcing decisions

Directors' Board have confirmed that the following should be priority service themes to inform future HR Strategy:-

- Planning and preparing for future organisation resourcing needs e.g. workforce planning, succession planning, co-ordinated recruitment Compaign
- Modernising industrial elations e.g. facilitating greater trust, openness and mutual support between managers and employees and their representatives
- Modernising pay and benefit arrangements and more innovative ways of rewarding staff
- Improving performance management capabilities of staff
- Transforming culture change across the organization as an integral part of the Revitalising Neighbourhood project
- Learning and development as a tool to facilitate organizational change and development
- Additional ICT support to improve management information
- Training and development to support the cultural changes required in the Council
- Improving the strategic corporate capacity of the HR function

The Chief Finance Officer has been commissioned to carry out an urgent incisive review of base data to refine the comparator position of the service and help to identify opportunities to facilitate the transfer of resources as indicated above .

The Improvement Plan has been drafted to present a list of actions under the following headings:-

- Direct and immediate impact and improvement
- Improving and enhancing service user focus
- Improvements to service efficiency

3.4.13 The final report has been completed on the best performance information that is available. This framework of information needs to be developed not only in terms of its accuracy but also for its depth. This will enable the progress of the service to be effectively monitored in relation to the delivery of Best Value.

3.4.14 Whilst this service is essentially internally facing there are aspects on which consultation with external agencies might be pertinent. In the future programme of consultation this point will be addressed.

3.4.15 Overheads for all services is a key issue in their achievement of Best Value in direct service provision. For example the Vulnerable Children's review identified that 17.8%of the total gross expenditure on Social Services Children & Families is spent on support service which include HR.

BEST VALUE REVIEW - HUMAN RESOURCES IMPROVEMENT PLAN

Section A: Direct and immediate impact and improvement;

Outcome	Key Tasks	Timescale	Cost & Source of funding	Responsibility	Performance Indicators
A more strategic and unified service	To revise the HR strategy, as a matter of priority, to focus on the agreed strategic framework (appendix c) setting out the following service priorities to achieve the necessary step change in service delivery and impact; ▪ Planning and preparing for future organizational resourcing needs e.g. workforce planning, succession planning, co-ordinated recruitment campaigns ▪ Modernising industrial relations e.g. facilitating greater trust, openness and mutual support between managers and employees and their representatives ▪ Modernising pay and benefits arrangements and more innovative ways of rewarding staff ▪ Improving performance management capabilities of staff ▪ Transforming culture change across the organization as an integral part of the Revitalising	October 2002 (in conjunction with the new strategic direction)	Internally led with external consultancy support £10,000 from current central budgets	Service Director (HR & Equalities)	New HR strategy in place to agreed timescale. - Job satisfaction - Attendance rates - Disputes grievances and complaints - Employee turnover - Workforce representation - Internal staff movement - Employee skill levels - Management competencies - Basic skill levels - Accidents and incident levels and reporting rates

	Neighbourhoods project. ▪ Learning and development as a tool to facilitate organizational change and development				
A more strategic and unified service	To improve service consistency by developing an agreed set of core standards to underpin the delivery of the HR strategy	December 2002	Internal	Sam Maher	Consistent standards in place across the council within agreed timescales.
A competitive and cost sensitive service with agreed standards that underpin service performance	Review HR service base cost data and refine the comparator position of the service	September 2002	Internal	Mark Noble	Agreed like for like cost comparator data that can inform the competitive position of the service.
	To improve cost competitiveness, pending approval of strategies, HR sections to adopt a zero based budgeting process.	Up to March 2003	Internal	HR managers	Cost per employee HR staff/ employee ratios
To provide cost effective opportunities to access temporary staff.	a) Job Shop Review future role of Job Shop in the light of anticipated customer recruitment & resourcing needs and technological and systems capacity	April 2003	Internal	Geoff Organ	Management satisfaction Unit costs Response times
	b). Standby Register Review use and costs of temporary employment and use of agencies to recommend the future role and purpose of the Councils Standby Register	December 2002	Internal	Geoff Organ	
To provide a cost effective Occupational Health service to the council.	Draw up service specification, test against current service and procure (tender) service to meet agreed specification.	December 2002	Internal	Val Betteridge	Management satisfaction Unit costs. Response times
Continue to mainstream	a. Carry out authority wide audit	April 2003	Internal	Nasreen	Ownership of

	against new generic equalities standard b.Evaluate impact of WIMI and other positive action initiatives and bring forward proposals to improve representation of women in senior management			Kaleem	common benchmark standards by all departments
equalities but refocus priority on projects designed to achieve specific impact and/or agreed outcomes		October 2002	Internal	Raj Patel	Increased representation of women at senior management level.

B: Improving and enhancing service user focus

	To continue to review key policies and to re-prioritise in the light of 1. above. Priorities to include:		Internally led with external consultancy support (£20,000 to support work on pay structures as previously approved by Directors Board).	Zafar Saleem	Tasks completed to agreed timescales;
A more strategic and unified service	▪ revised staff appraisal scheme in the context of the Council's Performance Management Framework	April 2003			▪ Skills and competency levels
	▪ New pay structure, benefits and rewards policy	From April 2003		Mike Powell	▪ Employee motivation
	▪ Employee learning and development policy	April 2003		Raj Patel	▪ Turnover ▪ Internal staff movement
	▪ Workforce planning framework	April 2003		Shilpa Arya	
	To improve co-ordinated service delivery and development by requiring each directorate to secure approval for an HR strategy, to be set within the context of the corporate strategy, to include a resourcing strategy. The strategies are to be agreed with the Service Director HR	April 2003	Departmental	Departmental HR managers	Departmental HR strategies in place within agreed timescales. - Departmental measures as per Key task (Section A above)

	To strengthen service capacity to address agreed service priority needs, retain the currently decentralized structure but Senior Departmental Personnel, Training and Health and Safety staff to contribute to corporate work on the basis of the HR strategy and its associated priorities for action. Departmental staffing contributions to be approved and monitored by SRG through the continued development and approval of annual HR service work plans.	Annual work plans (April – March)	Internal	Service Director (HR & Equalities) and Service Directors (Resources).	Strategic priority tasks resourced to required standards and completed on time
To raise to the standards of skills and competencies within the city council workforce.	a. Appoint a new Head of Learning and Development post from currently approved established posts b Head of Learning and Development to lead on corporate learning and development as part of agreed new HR strategy. Additional posts to lead on management development and workforce development agreed. Services to be commissioned from across the Council or externally. Services to be purchased by service directorates. Central funding to address agreed corporate priorities e.g. management development, basic skills, customer care etc., linked to culture change programme	September 2002 New posts from April 2003	Internal Subject to outcome of 2a and 2b.	Service Director HR & Equalities	New Employee Development policy Consistent implementation across departments leading to agreed policy outcomes
Improved knowledge and awareness of HR services and products by managers	To improve overall knowledge and awareness of HR services and products by line managers	A produce core service publications, presentations,	From April 2003	Internal service Communicatio ns budget	Positive feedback from managers

			briefings etc.		(£10,000 from current budgets)	
Service style; improved skills and competencies to support delivery of approved HR strategy	Introduce a service development programme to help service staff develop new skills to support the delivery of new strategy	From April 2003	With external support (£10,000 from service training budgets)	Ian McBride / Raj Patel	Service staff feedback, and achievement of improvement plan outcomes

C: Improvements to service efficiency

A more data responsive and adaptable service	Prioritise investment in improved IT system and, pending decisions on resourcing HR strategies, departments to fund improvements, subject to agreement on price.	Project Plan, July 2002	departments to fund, subject to agreement on price	Sam Maher	Availability of accurate and up to date management information for line managers, DMT's, elected members etc.
To raise to the standards of skills and competencies within the city council workforce	Redirection of training and development resources to support the cultural changes required by the council, avoiding unnecessary duplication of service provision.	From September 2002 initially and then from April 2003	Following review of service cost data (September 2002) and appointment of new Head of Corproate learning and Development (September 2002) and then as part of Budget setting process.	Head of Corporate Learning and Development	Improved management skills, front line service skills, basic skills etc.

CONSULTATION ON THE PROPOSED STRATEGIC IMPROVEMENT THEMES

Two workshops were held to invite comment and feedback on the proposed Strategic Improvement themes. Twenty line managers on Monday 28th January, and twenty-four HR service staff on Thursday 31st January. Each workshop involved three sub-groups being asked to respond to the following questions:

1. Does the proposed shift in service focus from Operational - Managerial - Strategic, make sense, based on the 4 C's assessment?

2. What are the implications of the proposed shift for service staff and line managers?

3. What are some of the key barriers / blockages that might need to be addressed if the move is to be successful?

A copy of the 'Flipchart Comments' from the two workshops is set out in the attached appendices.

You will note that service staff were, in general, more supportive of the changes, with operational managers concerned about possible increases in their 'work load'. This issue of respective roles and responsibilities between the service and line managers is highlighted. For example:

'How can an electrical engineer be a Personnel expert?' (28th January)

This comment underlines the dilemma and choice to be made from this review, i.e. the balance of the service at the moment is weighted toward supporting professional experts (electrical engineers), many of whom do not understand their role as managers of people but seek the 'comfort' of a protective and supportive Personnel service when particular people management problems occur.

At the same time, the Council is about to embark on a major 'culture change' programme with an emphasis on developing managers to lead proposed changes.

This review recommends that the service is not expected to react to both issues with equal weight. This will cause confusion and be ultimately wasteful of limited service resources. Instead, the review recommends the withdrawal of some of the comfort over time, and a rebalancing of resources to help 'professional experts' better understand and be equipped to deal with their role as a Leicester City Council Manager, and thereby help the Council achieve the outcome of Revitalising Neighbourhood, and achieve Better Value from its Human Resources and Personnel Services.

BEST VALUE WORKSHOP - 28th JANUARY 2002

Question 1
- Difficult to say given the amount of information on the assessment, but the link is not 'obvious'.
- Difficult to envisage practical implications of proposals.
- Are we just trying to pass the B.V. test?
- Services generally wish for *more* support. Concern at managers taking on too much personnel function, for example.
- Strategic has a place and needs improvement but must be service driven not *ideology* driven, (e.g. leadership, communication between Personnel and Human Resources departments).
- Can we see what it is in more detail? We are putting into place more detail.
- Are we comparing like with like?
- Do we have an audit trail regarding where these comments come from?

Question 2
- Shift may lead to:
1. More work for managers (unacceptable), therefore real savings?
2. Inconsistencies likely to increase
3. Skills gaps - HR Staff?
                   - Managers

- Management overload is eroding good will. Costs will rise as the quality of decisions lowers (e.g. complaints, litigation, health risk).
- Competency issues. For example, how can an electrical engineer be a Personnel expert?
- Occupational Health? Why?
- Work load of line managers and service staff
- Transfer of budget
- Knowledge, training and empowerment - deliverable.

Question 3
- Culture Change
- As Qu 2. above
  (Recentralisation agenda?)
- Deliverability
- Duplication
- Communication between Human Resources (Ivory Tower) and Personnel Department.
- Unwieldy guidelines. Personnel unwilling to drive.
- Consistency
- Training of Managers
- Bureaucratic / Paper Driven

BEST VALUE WORKSHOP - 31ST JANUARY 2002

Group One

1. Makes sense to us - although concerns about how far this shift will be may not make sense to all our customers.

    Need for communication.

2. Short-term more work simplification of policies and procedures.

    More inconsistencies across departments and Council - managers not taking action or too aggressive in action

    Dangers of losing touch with operational issues of managers

    Need to look at specs for recruiting managers.

3. Skills and confidence of managers / IT

    Good communication - need to be able to demonstrate benefit of more strategic approach.

    > Consistency
    > Complex policies
    > Complaints culture
    > Managers' perceptions of their role
    > Shifting the cost

Group Two

SHIFT IN SERVICE FOCUS

Model is simplistic - one size fits all

Void between views of Senior Managers and operational/line managers

Conflicting visions of organisation/departments

IT infrastructure does not support shift

IMPLICATIONS FOR PROPOSED SHIFT

Increase in managers workloads competence of managers balance of operational/service delivery rule and managing people

Need for HR to be inclusive operation/strategy and training/personnel/equality

BARRIERS
Communication and implementation timescales

Existing imbalance of policy and relevance to making an operational difference impact on individuals - may affect the implementation

 IT infrastructure is inadequate

Group Three

Y E S

1.   External environment is changing

2.   Need to be part of business planning process.

I M P L I C A T I O N S

1.   Consistency of outcomes

2.   Cultural shift throughout the organisation

      (top to bottom approach)

3.   Stages of implementation

4.   Investment

          IT training etc.

KEY BARRIERS

1.   Skilling of HR/Managers

2.   Resistance to change

3.   No immediate returns (large investment)

4.   Short - term set back

5.   Cost

Saratoga ACHIEVING BEST VALUE -CUSTOMER SURVEY 2000
Guide On Interpretation Of Scores taken from the Executive Summary to the Report

The scores for each process are average scores, and have been integrated to produce an overall perception measurement for the function and charts have been produced to illustrate the priority levels of focus that the People Management Services need to undertake to meet the stated requirements of their line colleagues.

❖ *Any importance scores below 4 (essential for Best Value performance) may indicate that the service is not 'essential', and therefore may require review.*

❖ *Any Importance score of 3 'value adding', indicates that the process is adding some measurable contribution to Best Value performance, and that there would be some adverse effect on service objectives through their absence.*

❖ *Importance scores of 2 and below tend to suggest that the process in question may not be perceived by the respondents to be contributing significantly to the delivery of their service objectives and Best Value performance.*

❖ *Performance scores of 3 and below indicate that the P.M. Services are not being delivered in a consistently effective way, and that development activity will be required. The Key Improvement Areas are identified within the commentary on each service later in this narrative report, and in the 'Overall Summary Conclusions and Recommendations' section at the end.*

❖ *Importance scores have been received from both the Providers and Customers of P.M.Services. When reviewing the scores it is useful to identify the variations between perceptions of importance between the Providers and Customers, and identify the possible reasons behind these variations.*

Within each process, look at the different ratings received for each question asked (Section 2). An acceptable (4 or above), overall performance rating may well comprise of a combination of some excellent ratings and other ratings against different questions, which would indicate that improvements could be made.

Northumberland County Council – 3 star Best Value rating

Structure

2.3.13 The County has 8 Directorates, one of which is Personnel and Administration (an amalgamation of HR, Legal, Democratic & Support Services). 45.5 FTEs provide a service for 8273 FTEs. The Inspection found the service to have the third lowest cost per employee for personnel, but the second highest number of personnel staff to FTEs when benchmarking it with other local authorities in the North East. It is a centralized service, but the three largest Directorates (Education, Social Services and the equivalent to our Commercial Services) have a small number of staffing officers who carry out administrative personnel work. Commercial Services is the only Directorate that has a departmental payroll team. A Personnel Officer paid from spinal point 31 up to PO4 heads the Social Services Team. In Education, there is a team of School Support Officers, each of whom provides a service to 12 allocated schools. They provide administrative support on staffing and budget issues. In addition, there are two more senior level posts with more of a personnel brief, however these are teachers by profession and are not HR professionals. In the Protective Services Directorate (consists of Fire, Trading Standards and Emergency Planning) there is a 0.5 FTE personnel post, but there are plans to increase this resource. The Central Team provides the other services.

The Central Team provides a full personnel service to the other Directorates and offers more specialist advice to the whole Authority. The Service includes training and development, recruitment and selection, equal opportunities, employee relations, health and safety, occupational health, welfare, organization and review, grading, staffing and information.

HR on the Operational – Strategic Continuum

2.3.14 Senior Managers and Elected Members perceive the personnel service as a strategic, corporate service and as a functional support to the Council services. This accords with the Personnel Service's view of itself – " a strategic service with a policy function".

Role Boundaries

2.3.15 The quality standards developed for the service clearly delineates the roles of the centre and the departments. The standards are broken into 8 functional areas, defining the role of the corporate centre and the departments. Powers have recently been delegated to departments, e.g. payment of honoraria. The culture of ownership of HR issues has developed over the last 10 years and most managers take responsibility.

IT Systems

2.3.16 The Council uses a payroll system that has a personnel module attached, called Vidipay by Midland Software. This is now thought to be outdated – it is 10 years old. It is not effective and only provides basic information for statutory returns and sickness. People are therefore using other systems. The Council thinks it needs to have an integrated system and plans to replace its own system when it replaces its financial systems.

Occupational Health

2.3.17 The Council have already investigated the procurement route for occupational health and found that in-house provision is cheaper.