

**REPORT TO CORPORATE  
ADULT SERVICES AND  
SOCIAL INCLUSION  
COMMITTEE**

**26<sup>TH</sup> OCTOBER 2010**

**REPORT OF HEAD OF HUMAN  
RESOURCES**

## **EIT Task and Finish Review of Human Resources**

### **1. Executive Summary**

1. Human Resources is a relatively small unit comprising 43.58 full time equivalent staff. The service was restructured in 2008 and now comprises 3 main areas of responsibility: organisational development, advisory services and health and safety. The administrative and transactional elements of the service are now part of Xentrall. Over the last 2 years the service has transformed itself and feedback shows that it is now highly regarded both within and outside the Council. Staffing costs equate to 88.54 % of the budget and significant efficiencies will only be achieved through a rationalisation of staffing although some opportunities for additional income are being realised. Of particular concern however is the increasing pressure on the HR service in the current financial situation. Over the next 12 – 18 months, as EIT reviews are delivered, the service will spend an increasing amount of time in consultation with the Trade Unions, supporting managers to implement difficult and sometimes complex changes and providing a range of mechanisms to help employees through these changes. Although some efficiency savings can be realised, increased partnership working therefore offers the greatest opportunity for financial savings whilst maintaining high quality service delivery.

### **2. Introduction**

#### **Background**

2. This is an officer lead task and finish report following the decision of Executive Scrutiny to expedite the delivery of some of the year 3 EIT reviews to year 2. The revised framework requires the lead officer to consult with members of the select committee at the commencement of the review setting out the areas to be reviewed and the issues and opportunities which exist. Members are asked to inform the evidence and evaluation stage which will form the options and recommendations that will be presented back to committee at the next meeting.

#### **Approach**

3. This report provides baseline information about the Human Resources Service including Health and Safety. It sets out details about the current staffing arrangements and work of the service as well as evaluating the costs of the service and providing information on the quality of the service from service users. The report touches briefly on the options for different forms of service delivery in the future but this will be considered in more detail in the subsequent report.

**Baseline**

- 4. Human Resources is a relatively small unit comprising 43.58 full time equivalent staff. These figures include 6 fte administrative staff who will be reviewed as part of the EIT Administration Review. In 2008, responsibility for transactional HR services – payroll, recruitment, contracts of employment and development of the electronic HR records system (PSE) transferred to Xentrall. The remaining service comprises 3 main areas of responsibility: organisational development, advisory services and health and safety and is delivered under a Head of Human Resources as follows:

**Head of HR – Strategic advice**

<p><b>Organisational Development</b></p> <p>Training &amp; Workforce Development Management Development Occupational health The wellbeing Service Counselling Service Vaccinations Managing Attendance Business Development &amp; information Contract Monitoring Policy Development Diversity</p>	<p><b>Advisory</b></p> <p>Advice and guidance to Council managers, 73 schools &amp; 1 Academy Organisational reviews Employee relations Industrial relations Maternity Advice Flexible Working requests Job Evaluation Pensions Redeployment Redundancy Retirements Safe recruitment advice</p>	<p><b>Health and Safety</b></p> <p>Advice and guidance to Council Managers &amp; schools Policy Development Employee Protection Register Training Audits &amp; Inspections Appraisal of tenders Duties relating to the CDM Regs. Event safety management Educational visits Accidents and Assaults</p>
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- 5. In 2008, following the creation of Xentrall, the service was significantly restructured into a business partner model, providing strategic advice and working more proactively to support managers to deliver their services. Inevitably however there is still a significant need to react to requests for advice and support in respect of grievance, disciplinary, absence and service reviews. The service is based at Queensway House in Billingham. An organisational chart showing staffing numbers is attached at Appendix 1

**What influences impact on the service?**

- 6. The service has a 3 year strategic Business Plan, developed in consultation with managers and the Trade Unions and approved by Council, which is aligned to the strategic objectives of the Council. In addition, the current changes to the functions and finance of Local Government are having a significant impact on the work of the service. Over the next 12 – 18 months, as EIT reviews are delivered, the service will spend an increasing amount of time in consultation with the Trade Unions, supporting managers to implement difficult and sometimes complex changes and providing a range of mechanisms to help employees through these changes.

**What resources are used to provide the service?**

- 7. The net cost of the services is £1,623,968. This includes the cost of the occupational health service which is externally provided and the corporate training programme, including management development where courses are

externally delivered. The remaining costs relate primarily to staffing which makes up 88.54% of the total budget. The whole service is based on the second floor of Queensway House in Billingham.

#### **What Does Consultation Tell Us?**

8. A wide range of consultation methods are utilised. The Human Resources Strategy Group, made up of 6 Heads of Service from across the Authority, meet on a monthly basis to discuss new HR policies and other developments. Their views help to shape policies and develop new areas of work. There are 2 Joint Consultative Forums, for school and non school staff made up of elected members and trade unions, including NUT, NASUWT, Voice, ATL, ASCL and NAHT, supported by HR. These are held on a quarterly basis. In addition monthly Trade Union Liaison meetings are held with Unison, GMB and Unite. A partnership agreement has been reached with the Trade Unions and they have indicated that they appreciate the open and transparent consultation mechanisms which are now in place. The annual Employee Survey results are also used to prioritise or amend policies as appropriate. Staff networks have been established for ethnic minority, disabled and lesbian, gay, bisexual and transgender employees and a Recruitment and Engagement group has been established, attended by a range of third sector providers and community leaders to discuss the recruitment and engagement of hard to reach groups. The views of all these groups are used to ensure we continue to meet the needs of service users.

#### **Complaints and Commendations**

9. In 2009/10 the Service received 34 compliments. These typically relate to the promptness of response, professionalism, knowledge and skills of staff, the high standard of training courses and the quality and clarity of support provided in often difficult circumstances. Shirley Stoker, an HR Business Partner in Workforce Development was winner of the Customer Services Award 2010 and the Health and Well Being Team were highly commended for outstanding customer service. No complaints were received but all comments are noted and used to improve services in the future. A customer satisfaction survey is carried out annually in November each year. In 2009, customer satisfaction, where the service was rated as good or excellent had risen by 26% over the previous year following the reorganisation of the service.

### **3. Service Evaluation and Findings**

#### **Is the service statutory and what level of service is needed?**

10. Human Resources is not a statutory function although a significant element of its work is to ensure compliance with employment legislation since failure to do so can impact both on the Council's finances and on its reputation. Health and Safety law and Employment law is complex and constantly changing as legal precedents are set through Employment Tribunals and new laws and amendments to regulations are introduced. Nationally, the number of cases going to Tribunal has increased by over 50% in the last 6 years. Last year, the average award was £9,120 for unfair dismissal cases although individual awards can be considerably higher and a lost equal pay case could have massive implications for the wider workforce. Clear and up to date employment policies are also a necessary part in this process and the way in which workforce issues are dealt with is critical to keeping the numbers of Tribunal cases to a minimum. Last year the Council only had only 6 claims, excluding Equal Pay cases.

**What options are there for changing the way the service is delivered e.g. structurally, technologically?**

11. There are third party providers available who could provide all or part of the service. Generally, however, where council's have outsourced HR provision, this is inclusive of the transactional service where typically the greatest efficiency savings can be achieved. As this element already forms part of the partnership arrangement with Darlington Council, the outsourcing of the Advisory service alone would be less attractive both to the 3<sup>rd</sup> party provider in terms of profit and to the Council in terms of savings. There are however opportunities for greater partnership working which are referred to later in the report. The more effective use of technology could also be used to enhance levels of self service to managers.

**Benchmarking how does the service perform – costs - can you demonstrate that the service is cost effective?**

12. The HR service benchmarks itself using the CIPFA benchmarking service. This allows us to compare our performance with unitary authorities of a similar size.

**13. Core cost of HR Service**

- The cost of providing the HR Service per employee at Stockton Borough Council is 25% cheaper than the national average (£129 at Stockton - £172 nationally)
- The number of HR staff employed per 1000 employees is 31% less than the national average. (4.1 per 1000 employees – 6.0 per 1000 employees nationally)
- The cost of providing Health & Safety services per employee at Stockton Borough Council is 14 % cheaper than the national average (£19.70 at Stockton - £22.80 nationally)
- The HR service through proactive measures has been instrumental in helping the council reduce sickness rates for all staff to 9% less than the national average (9.9 days nationally; 9.07 Stockton); In the Tees Valley, Darlington (8.46) and Redcar & Cleveland Council (8.64) have slightly lower sickness absence levels which demonstrates scope for further reductions at Stockton.

**What does inspection data tell us about the service?**

14. The service is not subject to external inspection but does form part of the Use of Resources assessment under which the Council scored at the highest level. The Council have also been publicly recognised in areas where HR has been a major contributor:
- Investors in People – Health & Wellbeing – First public sector body to have achieved the new standard
  - Finalist of the Tees Valley Employer of the Year Award
  - Finalist of the National Occupational Health Awards 2010 – winner yet to be announced
  - North East Better Health at Work Bronze Award winners

**Who are the customers and what impact would changes have on them**

15. Our customers are elected members, managers, employees and the Trade Unions. We also provide a service to 73 schools and currently to the new North Shore Academy and Thornaby Academy (H&S only). The service to schools is provided through a joint service level agreement with Xentrall and this can be tailored to the needs of each school.

16. A separate SLA exists for the provision of H&S training to each individual school, and separate SLA's to each Academy for the provision of Health and Safety advisory services. Occasionally advice is also provided to third sector organisations on a one off basis.

An outline of the main areas of work undertaken by the service in 2009/10 is shown below:

<b>Event</b>	<b>Numbers</b>	<b>Comment</b>
Disciplinaries	102	
Grievances	36	
Capability (Performance)	20	
Capability (Ill Health)	18	Cases which have resulted in formal action or dismissal
Training Events	51	These are only the sessions delivered by HR staff). The team also commission a wide range of training such as the Management Development Programme
Attendance at Health and Well Being Events	1235	These range from cancer awareness sessions to weight loss and fitness programmes to Mental Health 1 <sup>st</sup> Aid
Number of Health and Well Being Events	30	
New / revised policies	24	A new Employee Handbook is also nearing completion
Job Evaluation Reviews / Appeals	449	All reviews now completed
Number of Jobs Evaluated	40-50 per month	
Organisational Reviews	60	These could range from a small restructure to a TUPE transfer of a significant service to a third party provider
Welfare visits	649	Support is only provided to the more complex long term cases or to employees with a number of absences
Health and Safety Training	113	1263 delegates attended in total
Health and Safety Audits	233	

**What is likely to impact on demand for these services in the future?**

17. Demand for services will increase over the next 12 – 18 months. The Advisory Teams are currently dealing with over 40 separate reviews and this figure will increase as more EIT reviews are implemented. In addition, support for employees who are at risk of redundancy, support for managers having to maintain services whilst reviews take place and planning for the long term staffing needs of the council are all growth areas. In the longer term however efficiencies can be achieved as there will be a smaller local government workforce to support and through the better use of new technology and information to managers. The improvements already made have had an impact with a reduction in the number of disciplinary cases by 26% and the number of grievances by 15% compared to 2008/09.

## 4 Options

### **What options are there for service reconfigurations?**

18. One option would be to explore further partnership working with Darlington. As well as creating efficiency savings through a reduction in staffing, this option would also support Xentrall by standardising policies and procedures between the two Councils. There are also options for changing the way in which the service is delivered, particularly through the greater use of new technology and the development of an increased level of self service and a single point of contact which would create efficiencies. In addition, workforce development is decentralised across the Council. Again efficiencies may be available if a single model of delivery was used. All these options will be explored in more detail in the next report.

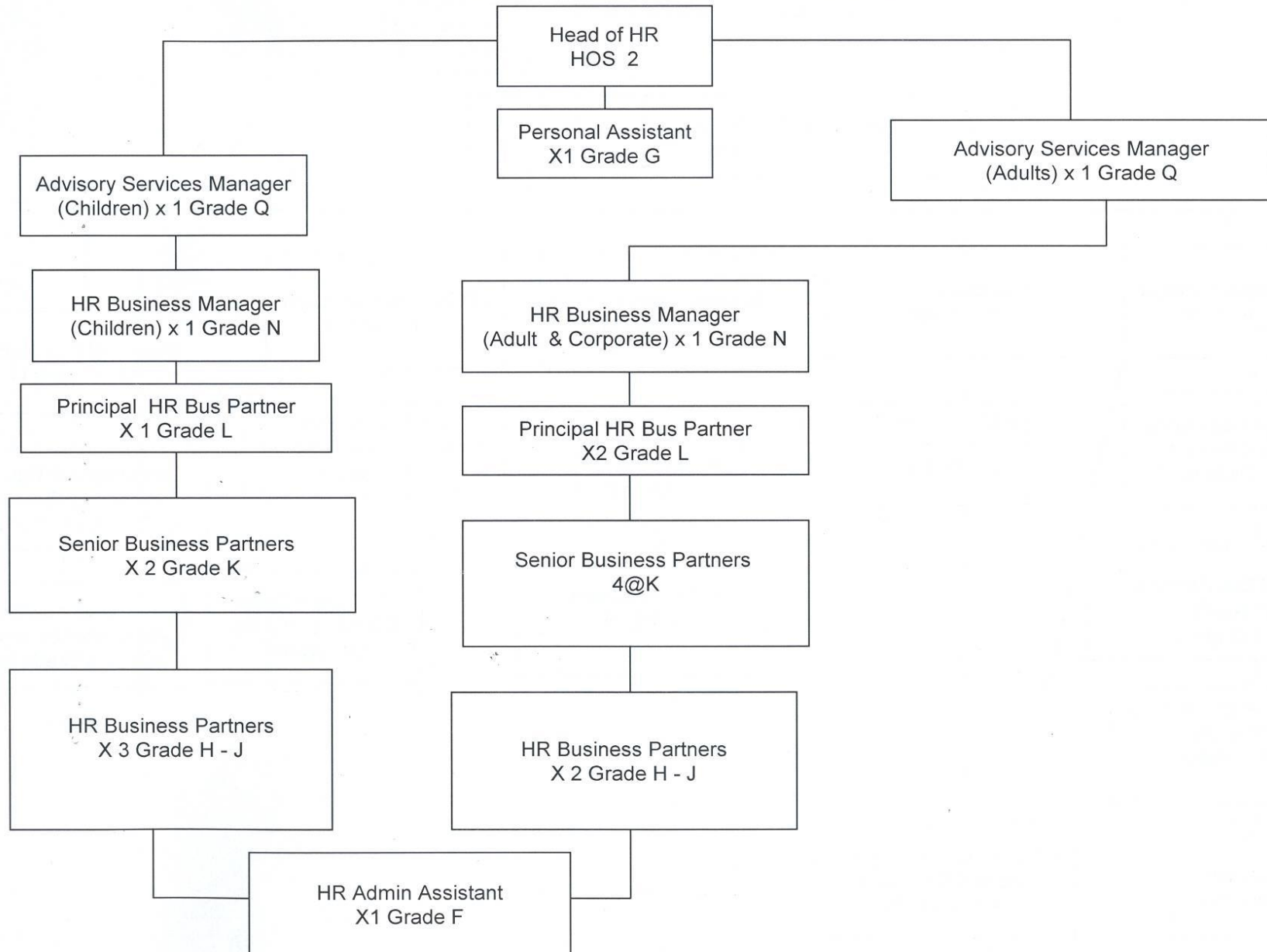
## 5 Conclusions and Recommendations

19. The purpose of this report is to set out the scope and comprehensive baseline position of the Human Resources Service. Members are asked to consider the information and evidence provided to inform the options and recommendation which will be presented back to the committee at its next meeting.

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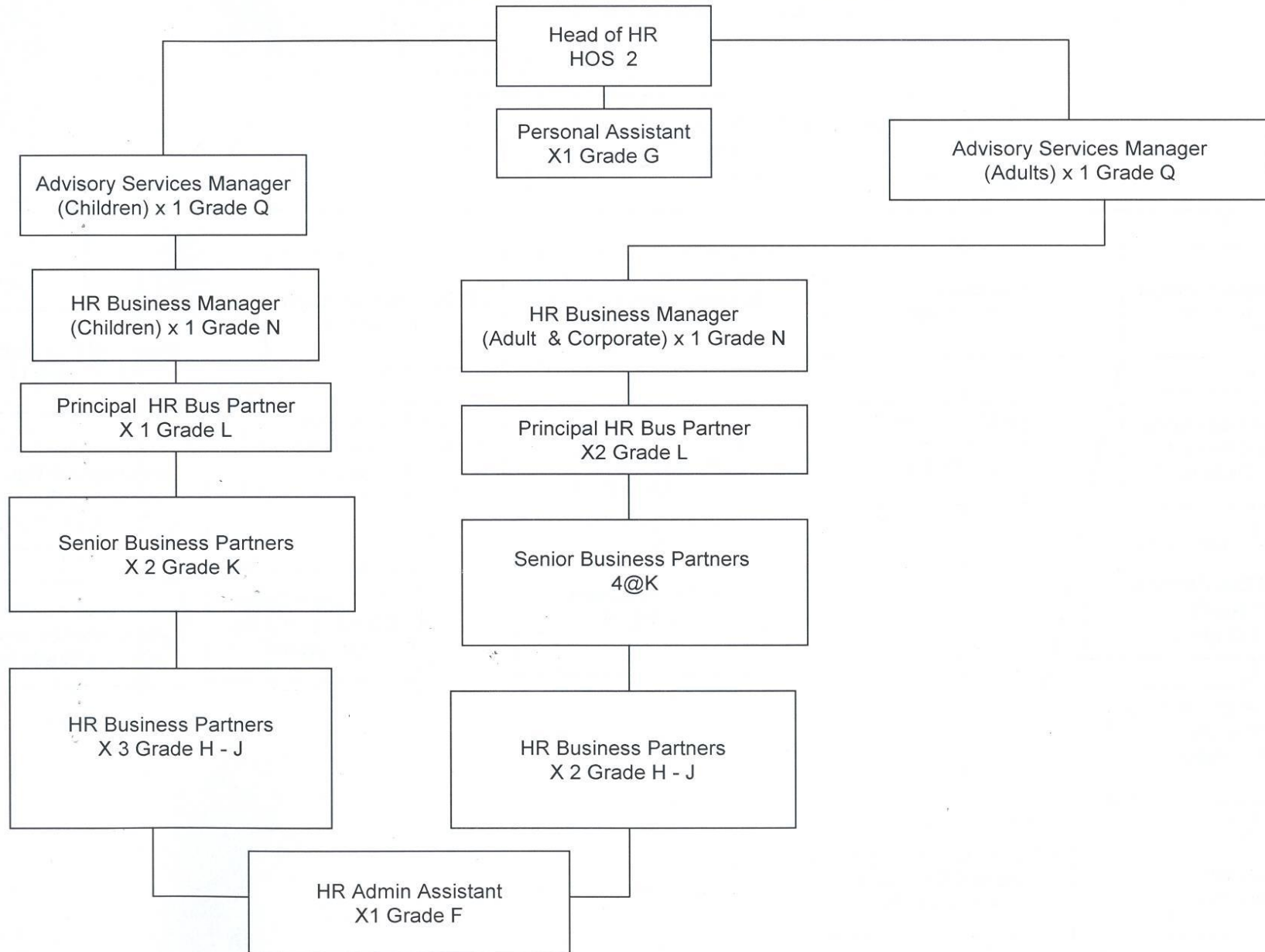
# Human Resources Structure – Review Proposed Structure

## ADVISORY SERVICES - APPENDIX 2



# Human Resources Structure – Review Proposed Structure

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**Human Resources Structure – Proposed Review Structure  
HEALTH & SAFETY**

