

APPENDIX C - FSR SUMMARY: HR&OD 17.11.16

Introduction

This note outlines the proposed saving of £80k, and briefly describes the options considered as part of the Fundamental Service Review of Human Resources (HR) and Organisational Development (OD). The HR and Organisational Development teams incorporate 21 posts including the Corporate Lead for HR/OD previously occupied by Simon Howick. Alongside the opportunity for financial savings, one of the objectives of this review was to explore how we could better integrate HR and OD to reflect the maturity of the organisation.

Options considered

1. Outsourcing the HR & Payroll transactional functions

Soft market testing indicates the likely cost of a contract would be broadly equivalent to the cost of the staff we would lose, and any savings that we would make would come from re-structuring the residual team. In part this is the result of a recent very positive tender exercise for a new HR & Payroll system. The new contract will commence on 1st April 2018. The savings arising are already factored into the MTFP as follows:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Saving	0	66	66	52	52

Additionally, the outsourcing costs were only indicative, and any variations would be chargeable and the possibility of financial penalties from early termination of the recent contract entered into for the HR & Payroll system rendered this option non-viable.

2. Service headed by Corporate Lead

We examined the potential of creating a single corporate lead combining HR & OD. As this would make the structure managerially heavy, to make this feasible we would need to reduce some resources at a lower level and so this option was discounted.

3. HR & OD Services reporting directly to Service Head – proposed option

As the leadership and management development programme is now largely complete, the vision is to embed development of managers as part of business as usual, using the HR Business Partners and Advisors. The Organisational Development Team would be responsible for shaping and overseeing the development of the organisation creating the online tools and resources for our managers to use in developing their staff. Instead of increasing the management overhead, the Managers for HR and Organisational Development will report directly to the Head of Business Improvement. Although this increases the number of direct reports to the Head of Business Improvement by one, the Executive Director ODCS could have managerial oversight of defined projects.

The proposal loses 3 posts, although is supplemented by additional HR Advisors to enhance the delivery of our OD offering in service areas and a resource to support recruitment in specialist areas to ensure we are attracting and appointing the best possible candidates. The net savings are circa £80k.

The Corporate Health and Safety Advisor will remain in the HR & OD service with a “dotted line” to the two other Health & Safety roles: Construction and Property; Depot Facilities Manager in Direct Services.

The tender of FMS and HR& Payroll systems has generated some capital budget savings. These savings could be used to get the iTrent system developed to maximum potential. There is £60k capital earmarked for this purpose.

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