

<b>ARGYLL AND BUTE COUNCIL – SUPPORT SERVICES REVIEW</b>	
<b>HR &amp; PAYROLL – EXECUTIVE SUMMARY- 2 NOVEMBER 2011</b>	
<b>1</b>	<b>Introduction</b>
1.1	<p>The Heads of Customer &amp; Support Services, Improvement &amp; HR and the workstream leads for HR and Payroll have jointly developed the preferred option for the integrated HR &amp; Payroll Service. A new structure has been developed to assist in the delivery of the workstream. The aim of the workstream is to deliver the required 20% saving whilst integrating the working processes of the HR section within the Chief Executive’s Unit and Payroll within Customer and Support Services.</p> <p>Following consideration by the Project Board and the Chief Executive it has been agreed that the section should continue to be housed under the Chief Executive’s Unit.</p>
<b>2</b>	<b>Baseline Report</b>
2.1	The main points identified at the initiation of the Service Review were to look at how HR could deliver the current and future needs of the Council more efficiently and effectively.
2.2	<p>Prior to April 2010 the HR service within Argyll &amp; Bute Council operated on a de-centralised basis with each of the 5 Departments having their own dedicated HR professional and support team, with each team delivering the service their own way. In addition, there was a central strategy team which carried out a number of strategic functions including the developing policy and reviewing policies and job evaluation.</p> <p>The HR Team work closely with the Payroll Team who sit under the Customer &amp; Support Services.</p> <p>The key improvements identified within the baseline report were:-</p> <ul style="list-style-type: none"> <li>• Streamlining of processes within the centralised HR Team to ensure delivery of a consistent service which is efficient and effective - Improvement of workflow within HR systems.</li> <li>• Development &amp; review of key policies and procedures to reflect best practice and changes in legislation and to meet the needs of the Council as it develops.</li> <li>• Development of new policies and procedures to support the Modernisation process.</li> <li>• Quality Circles – Joint working HR/Payroll</li> <li>• Coaching and mentoring of managers to give them the skills and tools to do their jobs.</li> <li>• Roll out of My Job Scotland – Online recruitment portal.</li> <li>• Managing Attendance - Review of OHP provision to incorporate physio/ECS plus the provision of new services such as advanced audiometry testing, CBT etc</li> </ul>

	<ul style="list-style-type: none"> <li>• Managing Attendance - Direct Reporting of Absence including review of Policy documentation.</li> <li>• Resourcelink Review – Refresh &amp; update of key data and review of system to meet the current and future needs of the Council e.g. self service, electronic payslips, etc</li> </ul>
<b>3</b>	<b>Benchmarking Report</b>
3.1	<p>The HR function within Argyll and Bute Council was centralised in April 2010. Previously the HR service operated on a decentralised basis with each of the 5 departments having their own dedicated HR professional and support team. Strategic HR was provided centrally developing and reviewing policies.</p>
3.2	<p>The centralised HR service under the HR Manager Operations formed a new team which focussed on delivering the service in specific work streams in a consistent manner. There is a wealth of skills, knowledge and experience across the whole team which allows for a diverse range of support to be provided at a high level. The HR Team work together to provide a consistent quality service across the Council area.</p> <p>Customer satisfaction is measured through internal questionnaires issued on a quarterly basis to the Chief Executive, Executive Directors and Heads of Service across all services. The results of these surveys are used to inform work plans as well as targeting areas for improvement.</p> <p>A number of the improvements highlighted by Authorities within the Clyde Valley Partnership are already being utilised by the Council’s own Centralised HR Team. It is anticipated that the following changes will contribute to significant improvements in service delivery and a reduction in the overall cost per FTE. It is worth noting that HR costs per FTE are higher within Argyll and Bute primarily due to the scale and complexities of the geographical area that we cover.</p> <ul style="list-style-type: none"> <li>• Implementation MyJobScotland Recruitment Portal</li> <li>• Integration of HR/Payroll transactional processes</li> <li>• Link from MyJobScotland/Resourcelink/TRS</li> <li>• Link from Seemis (Education System) to Resourcelink</li> <li>• Resourcelink - Self service</li> <li>• Development and use of the of The Hub for Policies and Procedures</li> </ul> <p>In addition, the following improvements have been initiated within Argyll &amp; Bute and it is anticipated that they will also have a positive impact on service delivery and allow the Council to deliver an exceptional value for money service.</p> <ul style="list-style-type: none"> <li>• Implementation of Direct Reporting of Absence</li> <li>• Coaching &amp; mentoring opportunities for Managers</li> <li>• OHP contract</li> <li>• Review of Maximising Attendance Procedures</li> <li>• Development of a Workforce Planning Process</li> </ul>

<b>4</b>	<b>Future Challenges</b>
4.1	<p>The Council is currently going through a major culture change. This is an ongoing process and presents perhaps the greatest challenge, but also has the biggest opportunities for HR. Our policies and practices will help embed the desired values in our staff as well as freeing up valuable time for the HR Team to focus on those activities where we can make the greatest difference to the bottom line, and therefore demonstrate value for money. During this transition period, services will require a lot of support and this will need to be balanced against other service pressures. In essence, HR needs to be able to focus on corporate priorities.</p>
4.2	<p>The challenge for the Council is to provide better services, more effectively and more efficiently, HR has a key part to play in this. We are already changing the way that we do our business across the organisation but further investment and integration of the systems that we use needs to be planned and accelerated to assist this change.</p> <p>HR is key to the successful implementation of a massive and ongoing change agenda and the modernisation of the Council. Since the HR Service was centralised a lot of resource has been dedicated to implementing new systems, streamlining existing processes, and reviewing and developing new policies. This work will stand the service in good stead to cope with budgetary constraints and meet future challenges. With improved systems and accuracy of information, HR will build on what has already been achieved to deliver key management information in the format and timescales required.</p>
<b>5</b>	<b>Stage 1 Options Appraisal</b>
5.1	<p>The following options were considered as part of Stage 1, a detailed analysis was prepared and scored to ensure that all opportunities were investigated thoroughly:-</p> <ol style="list-style-type: none"> <li>1. Continue as we are at present: developing a centralised HR Operations/Strategic function with focus on specialism and consistency of service.</li> <li>2. Revert to previous model with split in Operational/Strategic HR Service.</li> <li>3. Integrating the transactional elements of the HR service with Payroll.</li> <li>4. Integrating policy/advice elements of service with Legal and transactional elements with Payroll under Customer Services.</li> <li>5. Developing a shared service with other local authority or public sector partners.</li> <li>6. Outsourcing the service in whole or in part - Tendering /Contracting out.</li> <li>7. Transfer service in whole or part to 3rd Sector</li> </ol> <p>The preferred options which went forward to Stage 2 were:</p> <ol style="list-style-type: none"> <li>1. Continue as we are at present: developing a centralised HR Operations/Strategic function with focus on specialism and consistency of service.</li> <li>3. Integrating the transactional elements of the HR service with Payroll.</li> </ol>
5.2	<p>Following further investigation of the above options along with a robust challenge from the Project Board/External Challenge it was agreed that the Cross-Service Workstream which was being developed alongside the separate HR and Payroll Service Reviews should be progressed further and efficiencies identified within the individual service reviews incorporated together highlighting the above preferred option.</p>

	<p>The benefits of the preferred option are as follows:</p> <ul style="list-style-type: none"> <li>• Restructuring of HR service to deliver strong centre for strategic direction</li> <li>• Rationalisation of the grades within HR team to ensure consistency</li> <li>• Allows for the HR workplan to be clearly aligned to corporate priorities</li> <li>• One leader to deliver one key set of objectives</li> <li>• Ownership of data within one team to assist with the transition and development of the “Argyll &amp; Bute Manager” and the modernisation of the Council</li> <li>• End to end process and reduction of duplication through merging of HR and Payroll teams</li> <li>• Development of skills across a key group of staff</li> <li>• This option delivers the 20% saving but in addition will also be accompanied by other efficiency savings with a specific focus on streamlining the duplicate processes currently carried out by both HR and Payroll teams.</li> </ul>
<b>6</b>	<b>Stage 2 Options Appraisal</b>
6.1	<p>The Heads of Customer and Support Services, Improvement and HR and the work stream leads for HR and Payroll have jointly developed the preferred option for the integrated HR and payroll work stream. A new structure has been developed to assist in the delivery of the cross-service workstream. The aim of this workstream is to integrate the working processes of the HR section within Chief Executive’s Unit and Payroll within Customer and Support Services.</p> <p>The preferred model is shown as a single fully integrated team covering all of HR and payroll, managed by a single third tier Manager. This is the recommended management arrangement proposed by the joint team.</p> <ul style="list-style-type: none"> <li>• Single manager is responsible for the full HR and Payroll service including Systems Development;</li> <li>• 4 Team managers reporting to him/her</li> </ul>
6.2	<p>The aim is to provide a coherent structure which recognises all the functions within the joint service and to deliver an integrated and consistent service delivery utilising a one Council approach. The objective is to ensure that a quality end-to-end service is delivered within the council, whilst achieving efficiencies by delivering lean processes. This is clearly linked to the transformation of the Council and its corporate objective of Realising the Potential of Our Organisation.</p> <p><u>Savings</u></p> <p>The proposal delivers the savings at 23% of the existing HR budget, the remainder of which will contribute to the Head of Service cost centre saving and contribute to the development officer post. The structure reduces from 52.89 FTE to 43 FTE – a reduction of just under 10 FTE. There are 4 VER applications and 2 vacancies across the existing teams, and a number of people on temporary contracts, some acting up with substantive posts at lower levels and some completely on temporary contracts. The main loss of posts is at clerical grade where these reduce by 4.3 FTE. At LGE11 to 14, there is a reduction of 2 posts which is covered by vacancies/ VER. Overall these changes are deemed to be manageable with very few or no compulsory</p>

	<p>redundancies expected.</p> <p><u>Efficiencies and Improvements</u></p> <ul style="list-style-type: none"> <li>• Rationalising pay frequencies</li> <li>• Improved processes for dealing with absence</li> <li>• Improved processing/quality of transactional information</li> <li>• Creation of a development team</li> <li>• Implementation of Document management System for HR &amp; Payroll</li> </ul>
<b>7</b>	<b>Implementation Plan</b>
7.1	<p>The preferred option to merge HR &amp; Payroll together has identified a number of efficiencies and improvements which must be made to allow the benefits of this option to be realised.</p> <p>The key efficiencies &amp; improvements which are expected are detailed above. In addition, a number of assumptions such as the roll out of My Job Scotland Recruitment portal options for managers as well as the Council purchasing a Document Management System for HR &amp; Payroll must be actioned to ensure the full benefit of this option is delivered.</p> <p>It is important to remember that a number of the improvements identified within this Service review are dependent on changes to computer systems. In addition, HR &amp; Payroll processes will need to be amended to take account both of the merger of HR &amp; Payroll but also for administrative and systems improvements being proposed by payroll processing.</p> <p>There is a “hump” of additional workload in the implementation phase. This is well understood in HR, where staff are expected to support other services going through the same process whilst also implementing new structures and processes within their own team.</p> <p>A detailed Implementation Plan which identifies the key tasks for action has been prepared and this will be monitored by the Transformation Board to ensure that savings are realised. The timescale for implementation of the whole plan runs until March 2014.</p>
7.2	<p>Additional specialist support and funding will be required to purchase and support the implementation of Document Management System and Process Re-engineering with HR &amp; Payroll Transactions. Changes to the pay frequency will require dedicated project support and careful management.</p>
<b>8</b>	<b>Employee Engagement</b>
8.1	<p>Members of the HR and Payroll teams have had regular updates on the service review process from their managers and Heads of Service. An initial joint meeting led by the Head of Customer and Support Services and the Head of Improvement and HR along with the HR and Payroll Managers brought the teams together to create ‘quality circles’ that identified the processes that each service was involved in at each end of an activity. They identified theme leads from within their groups who then worked with colleagues to deliver improved end to end processes. It was made clear that the work carried out in these circles was a key element in driving forward the future potential changes and improvements to the way that the service would be delivered and that their involvement was key to that process. The quality circles have</p>

	made some progress and the outcomes from them have informed the final option.
8.2	Full team meetings with all staff within HR Section at baseline, benchmarking, future challenges stages and to feedback at both Options 1 and 2 stages. Further meetings in Dunoon and Lochgilphead with all HR staff to advise on preferred option going forward and to speak to affected staff individually. Team meetings with whole of Imp & HR, focus group meetings with all HR officers at each stage of the service review process.
<b>9</b>	<b>Customer and Community Engagement</b>
9.1	The principle customers of this service are the Council's employees and senior managers. The responsible Heads of Service attended departmental management team meetings for each service to identify key issues for consideration as part of the options appraisal. There was unanimous support for developing proposals for an integrated service.
9.2	A series of meetings were held at the outset of the review process to analyse the current situation and identify any opportunities and identify problems. Our stakeholders were invited to provide feedback through the Head of Imp & HR at pre-arranged meetings and through individual questionnaires on how the service could be developed/improved to meet their changing needs. Departments were kept up to date and encouraged to feed back throughout the Service Review process.  Questionnaires were issued to service users internal and external including Trades Unions Representatives. Individual meetings with each Executive Director.
9.3	Engagement will be ongoing through implementation as some of the changes proposed will impact on customers across the organisation, particularly the changes to pay frequencies.
<b>10</b>	<b>Third Sector Engagement</b>
10.1	There is no third sector impact as a result of the options.
<b>11</b>	<b>Social Impact</b>
11.1	Any negative social impact resulting from the proposals would be primarily on the communities of employees who were made redundant or had their place of work changed. The Council is committed to minimising compulsory redundancies and there are none proposed in this option. The proposal is also predicated on the principles of workforce deployment, which embraces flexible and remote working, maximising the use of IT communications. The new teams created will not be required to relocate physically, but will be managed using the approaches piloted through workforce deployment.
<b>12</b>	<b>Equality Impact Assessment</b>
12.1	A series of meetings were held at the outset of the review process to analyse the current situation and identify any opportunities and identify problems. Our stakeholders were invited to provide feedback through the Head of Imp & HR at pre-arranged meetings and through individual questionnaires on how the service could be developed and/or improved to meet their changing needs. Departments were kept up to date and encouraged to feed back throughout the Service Review process.  The outcome ensures that there is consistency in service delivery across all Council Departments, consistency in policy and procedures and how they are implemented across the Council, clearer structure for employees within the service and a consistency of grades following the centralisation of HR in April 2010.

	<p>Full team meetings with all staff within HR Section at baseline, benchmarking, future challenges stages and to feedback at both Options 1 and 2 stages were undertaken. Further meetings in Dunoon and Lochgilphead with all HR staff to advise on preferred option going forward and to speak to affected staff individually. Team meetings with whole of Imp &amp; HR, focus group meetings with all HR officers at each stage of the service review process. Questionnaires issued to service users internal and external. Individual meetings with each Executive Director.</p> <p>A fair and robust process has been undertaken to ensure that no-one in any of the characteristic groups are affected.</p>
12.2	<p>An Equality Impact Assessment has been carried out and a report submitted to Improvement and Organisational Development.</p> <p>The Implementation of the Service review will be monitored through Transformation Board, DMT and Imp &amp; HR Team Meetings.</p>
<b>13</b>	<b>Sustainability Assessment</b>
13.1	<p>A series of meetings were held at the outset of the review process to analyse the current situation and identify any opportunities and identify problems. Our stakeholders were invited to provide feedback through the Head of Imp &amp; HR at pre-arranged meetings and through individual questionnaires on how the service could be developed and/or improved to meet their changing needs. Departments were kept up to date and encouraged to feed back throughout the Service Review process.</p> <p>Evidence has been provided in relation to the Guiding principles for Community</p> <ul style="list-style-type: none"> <li>• Ensuring that members of the community are included in developing skills - this is addressed through PRD process, e-learning and availability of policies and procedures on The Hub.</li> <li>• Ensuring that no one faces discrimination – ensuring that consultation is undertaken at all stages of the process</li> <li>• Promotion of social justice and well-being – Review of Attendance policy &amp; procedures, provision of OHP and Employee Counselling Services etc.</li> </ul> <p>Please note that Economy and Environment are nor relevant to the Service review process for HR.</p> <p>The Transformation Board will continue to be involved throughout the Implementation Phase and Executive Directors/Heads of service will continue to be ask for feedback through a questionnaire on a quarterly basis to ensure that the planned improvements are being implemented.</p>
13.2	<p>A Sustainability Assessment has been carried out and a report submitted to Improvement and Organisational Development.</p> <p>The Implementation of the Service review will be monitored through Transformation</p>

	Board, DMT and Imp & HR Team Meetings.
<b>14</b>	<b>Conclusions</b>
14.1	<p>The HR &amp; Payroll Service Review delivers the required 20% saving. The delivery of the improvement plan for this review is dependent on a numbers of changes within the Council in relation to new systems and processes. The preferred option was developed jointly between HR &amp; Payroll and the new structure has been developed to ensure consistency across in the service in terms of staff structure, pay grades and ultimately the service delivered to our customers.</p> <p>The principles identified ensure that there will be an ongoing recognition of the strategic and operational demands on the HR service throughout the lifetime of the Council’s Transformation programme.</p> <p>Some staffing changes in HR may be delayed to ensure that the best possible service can be provided to support people across the organisation through the transition period.</p> <p>The timescale for implementation as reflected in the plan highlights a number of key dependencies related to projects such as Resourcelink, the purchasing of a Document Management System for HR and Payroll. The proposed rationalisation of the pay frequencies will require intense negotiations with the Trades Unions and a clearly planned and resourced project management approach.</p>
14.2	The Transformation Board will continue to be involved throughout the Implementation Phase to ensure delivery of key outcomes.