

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>17 June 2015</b>
<b>Subject:</b>	<b>Shared HR Service between Gloucester City Council and Gloucestershire County Council</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance &amp; Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>Yes</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>1. HR Business Case</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To seek Members approval to progress a Section 101 agreement for a joint HR service between Gloucester City Council (GCC) and Gloucestershire County Council (GlosCC).

### 2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) GCC's HR team be joined with GlosCC's HR team.
- (2) GCC's HR service staff be transferred to GlosCC under the principles of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) on 1<sup>st</sup> September 2015 or other date as agreed between both parties.
- (3) GCC's HR functions be delegated to GlosCC, as host authority, in accordance with section 101 (1) of the Local Government Act 1972 and under Part 1A Chapter 2 section 9EA of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- (4) Authority be delegated to the Head of Paid Service in consultation with the Cabinet Member for Performance and Resources and the s151 Officer, to enter into the s101 agreement and any other legal documentation and to take all necessary steps to implement the above mentioned resolutions.

### 3.0 Background and Key Issues

- 3.1 The City Council and County Council entered into an initial shared services arrangement in 2012 when the County Council made arrangements to provide a

payroll service to the City. The service also gives City Council line managers access to their employee information through a self service portal on the SAP IT system.

- 3.2 During 2014, the City and County Councils, facilitated by the LGA, began exploring further opportunities to share back office services, to create efficiencies and economies of scale which would benefit both councils. This proposal considers the potential approach for the development of a shared HR service. Following a restructure in July 2014, GCC's HR service provides on-site services to managers and staff ranging from managing change, job evaluations, training & Development, the apprenticeship scheme, Disclosure & Barring Service checks and sickness recording to name just a few.

### **Current City Council Position**

- 3.3 The City Council's Head of Human Resources left in October 2014 following a period of absence. The City has four HR professional members of staff who are fully or part qualified and who managed the service in the absence of a Head of HR and, while they are holding the fort well, the Acting Head of Paid Service is currently spending more time than would be normal in this role, dealing with day to day HR operational matters. This is in no way a criticism of the existing team, the size of the team has meant that the City has not been able to access the capacity, skills and expertise to:
- Provide strategic direction and advice on the development of the organisation;
  - Create a coherent development programme which would include fostering and developing talent;
  - Ensure employment policies reflect modern employment practices and are consistently applied across the council; and
  - Drive leadership development through the organisation.

### **Gloucester City Requirements**

- 3.4 Following conversations between GlosCC's Director of HR and the Acting Head of Paid Service at GCC, the County Council was asked to put forward a proposal based on the following criteria:
- The HR team are reconfigured around a Business Partner model with a dedicated Business Partner resource for the City.
  - HR staff are integrated into the wider HR/Business Partner model.
  - The City has access to County specialist HR/OD resources, and
  - The County Council manage the HR service for and on behalf of GCC.

### **Gloucestershire County Council Current Arrangements**

- 3.5 The current model for the provision of HR services to the Council (3,400 employees) and 280 schools is based on proportionally a much smaller staff resource than that at GCC. This has been achieved through:
- The creation of 2.5 Business Partners for the Council who between them currently support 11 Directors and 24 Heads of Service.
  - The Business Partners access through what is called a HR Hub, specialist case workers who manage disciplinary/grievance etc, and change advisors who manage specific change projects. They also look at development and organisational design with their Directors and access any specialist OD advice

through their OD advisors or training through a neutral vendor training provider contract with WDR. The Hub also provides resource for policy development etc.

- There is an HR Helpline manned through office hours which provides a first line service for managers and headteacher queries.
- HR administration is undertaken by the Business Support Centre and not in HR.

3.6 This model has allowed GlosCC the flexibility to allocate resource to priorities, keep costs down whilst providing a respected professional service to the council and schools.

### **Agreed Way Forward**

3.7 Following detailed conversations between both parties a set of proposals have been drafted which incorporate costing and savings information. These are detailed in the HR Business Case at appendix 1 and summarised below:

- Based on a Business Partner model all of the staff within the HR service will come under the management of the Head of HR at the County who will provide professional support, development and be a point of escalation.
- All of the HR Team will be transferred to the county under TUPE and will become employees of the County Council.
- The team will initially be set up as the Gloucester HR Hub working in parallel with the County HR Hub and a HR Business Partner will be appointed to be the link and work closely with GCC.
- The GCC HR Business Partner will access their support from the Hub using City resources in the first instance, whether this is casework support, change project support etc. Management information will also be provided from this resource but over time this will be based in GlosCC existing management information team.
- After six months the model will be reviewed with a view to looking at how GlosCC can best support GCC managers including giving them access to the general HR Advice line.
- During this six month period GlosCC will seek opportunities for the City to access existing negotiated contracts for developing the apprenticeship scheme, training, agency staff, recruitment and benefits and access to GlosCC's OHU service etc.
- The HR Business Partner will attend GCC's Senior Management Team Meeting on a monthly basis or as and when required and attend Meetings at GlosCC when appropriate. Attendance at GCC's Organisational Development Committee, Employee Forum and Trade Union Consultation meetings will be required at each meeting.
- Provision will be made at GCC for HR advisors to meet with staff on site as and when appropriate.

### **HR Operating Model within the County**

3.8 GlosCC's human resources service operates a 'core and cluster' model which is robust in providing expertise and with the added flexibility of buy-in expertise as part of this model so to provide a value added, cost effective, comprehensive, professional human resources and organisational development service across GlosCC and partner organisations as appropriate. The County HR model assists managers in meeting their legal obligations and in their drive toward increased operational efficiency; takes an active role in the management of Human Resource

issues and delivers operational functions and tools in an effective and professional manner.

## **Benefits**

3.9 The benefits are as follows:

- GCC has a clear Business Partner, focused on the City who can access professional support from the existing team and/ or wider County hub resource, thus creating capacity for the current Acting Head of Paid Service, future MD and City Managers.
- GCC can access specialist skills on a cost effective basis to meet the needs above.
- Avoids the need to replace the previous Head of HR and introducing very complicated governance arrangements, a significant management service charge and the potential for the MD to be drawn into disputes over HR practice and performance management issues.
- Improved development opportunities for GCC staff who will be included in GlosCC's HR development programme.
- The City and County will have a pooled resource which will create savings for the City and improve resilience for the County.

## **Section 101 Agreement**

3.10 The contents of this report will be developed into a detailed s101 agreement between the City and County HR services which will be signed off by the Acting Head of Paid Service at the City Council and the Director of People Services at the County Council.

## **4.0 Alternative Options Considered**

4.1 Consideration was given to replacing the Head of HR post on a like for like basis but the option of joining with the County Council arose when the County offered to provide interim support.

## **5.0 Reasons for Recommendations**

5.1 The proposals provide resilience to a small team and will improve efficiency and cost effectiveness.

## **6.0 Future Work and Conclusions**

6.1 Subject to Cabinet approval, the Business Case will be finalised which will formalise service delivery arrangements and staffing implications.

## **7.0 Financial Implications**

7.1 The establishment of the revised HR service is expected to deliver further revenue savings to the Council and this will be fully quantified in the Business Case being developed.

7.2 The level of savings to be realised are expected to be achieved through the disestablishment of the Head of HR post offsetting ongoing management costs

incurred by the County Council. This net annual ongoing saving is expected to be approximately £35k. In addition, implementation costs for the first six months are estimated to be in the region of 30k and will be met from current HR service revenue budgets.

(Financial Services have been consulted in the preparation of this report.)

## **8.0 Legal Implications**

8.1 The revised HR service will be subject to a formal agreement between the Councils under section 101 (1) of the Local Government Act 1972 and under Part 1A Chapter 2 section 9EA of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

8.2 It should be noted that the principles of the Transfer of Undertakings (Protection of Employment) Regulations 2006 shall apply.

(Legal Services have been consulted in the preparation of this report.)

## **9.0 Risk & Opportunity Management Implications**

### **9.1 Risks**

- Appetite for change and risk. GCC's managers, trade unions and staff will need to be fully engaged in any service changes which will achieve efficiencies.
- Reputation – failure for the county to get service provision and change adequately communicated to GCC's managers could damage the reputation of the service.

### **9.2 Opportunities**

- By working together with GloCC the City Council will see a more resilient service that is cost effective and provides additional services to Managers of the City Council and allows capacity to support GCC's Organisational Development plans.

## **10.0 People Impact Assessment (PIA):**

10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety

11.1 Not applicable for this report.

### Sustainability

11.2 Managers within the City Council will be able to access wider range of resources to enable them to deal with HR related matters.

### Staffing & Trade Union

- 11.3 Staff have been advised of this proposal and along with the trade unions have been kept fully informed throughout the process. There are statutory obligations to inform and consult, which are summarised at 11.4 below.
- 11.4 Both the City and GlosCC must have regard to their respective obligations under TUPE to inform and consult trade union representatives in the period up to the date of the transfer and this has been adhered to.

**Background Documents:** None