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**REPORT TO: POLICY & RESOURCES COMMITTEE 27 NOVEMBER 2018**

**SUBJECT: HUMAN RESOURCES SERVICE PRESSURES**

**BY: CORPORATE DIRECTOR (CORPORATE SERVICES)**

**1. REASON FOR REPORT**

- 1.1 To ask the Committee to consider the current pressures on the Human Resources (HR) service and seek approval for provision of a scaled down workforce plan.
- 1.2 This report is submitted to Committee in terms of Section III (B) (27) (a) – (d) and (30) of the Council's Scheme of Administration relating to the formulation, implementation of and review of the policy and practices of the Council for all employees, including teachers.

**2. RECOMMENDATION**

**2.1 The Committee is asked to:**

- (i) Consider the current pressures on the HR Service**
- (ii) Approve the provision of a scaled down workforce plan, and**
- (iii) Review the situation in 2019 as part of the annual workforce plan report**

**3. BACKGROUND**

- 3.1 As the Council prepares for the budget savings for 2019/20 and 2020/21 the Human Resources (HR) section are ensuring effective consultation, communication and implementation related to all workforce changes. The impact from this work adds significantly to the existing pressures the service is already under through high volume operational demand and commitments within the workforce plan, as well as the impact arising from the current acting up arrangements for the Head of Service and absences amongst key members of staff. This report reviews the demands on the service against corporate priorities with a view to agreeing a revised more moderate workforce plan that will free up resources to continue focusing on the current and forthcoming budget work.

3.2 The HR service operates with four main areas of focus that are required to ensure a minimum operating model:

- Strategy: employment strategies for the council, corporate advice and guidance to committees and senior management, organisational development including workforce planning and preparing for the future.
- Employment Framework: to support the strategy, a range of employment policies, terms and conditions of employment, corporate industrial relations, employment procedures and practices to comply with legislation and codes of practice and ensure effective management of resources across the council.
- Professional Advice: across a range of functions, advice and support to managers on the deployment of strategies and policies, the management of their workforce and industrial relations matters.
- Administration: contracts of employment, maintenance of employment records including training, accidents, absence and preparing management information to inform policies and strategies

3.3 There is no specific statutory requirement to provide these services, with the exception of Health and Safety where there must be a 'competent' person available to advise the organisation. There is, however, a considerable amount of employment legislation which the service applies in order to avoid costly claims, including codes of practice which if not followed will result in an uplift of tribunal awards. There are also direct and indirect costs associated with poor employee management, for example, productivity and absence costs.

3.4 Benchmarking data shows that the council already operates with a very lean HR structure and resource:

	Moray Council	Xpert HR
HR cost/employee	£115	£739
Employees/HR staff (Head Count)	173	60

#### **4. CURRENT POSITION**

5.1 Current levels of workload within the operational teams are challenging in that the demand is greater than the team are able to deal with. This shows no signs of easing and includes: the residual work arising from some of the 2018-19 budget decisions (School Technicians and Waste Management/ Supervisory Structure); numerous change management plans that are currently ongoing within various services; conditions of service and contractual issues; vacancy management; Transform; short-leeting; general recruitment issues; absence management; a high number of disciplinaries and grievances; capability hearings; and complex relationship and team dynamic issues requiring mediation work.

- 5.2 The Organisational Development section is directly affected by budget proposals and this is impacting on the capacity of some of the planned and business as normal work from both the Workforce Policy and Strategy team who are responsible for large sections of the development work within the workforce plan and the Social Work Training team.
- 5.3 The Health and Safety team is also directly impacted by the proposals and this is affecting the focus and motivation of the team while the consultation and changes are implemented.

## **6. IMPACT AND RISKS**

- 6.1 The impact and risks arising from the current demand on the HR Service are noted below:
- (a) Managers are progressing management of absence, performance, disciplinary and grievance situations with limited HR input until the latter stages of the process increasing the risk of inconsistency and lack of adherence to policy, legislation and good practice in the earlier stages of the procedures. This leads to weaker basis upon which to progress with punitive action including dismissals and increases the risk of successful challenge at a later stage.
  - (b) Managers have to wait longer for professional advice which is delaying and impacting on the robustness of the implementation of planned change.
  - (c) Professional advice is not as well researched and grounded in the latest employment law, case law and best practice developments as it could be given the very dynamic nature of employment law which is exposing the Council to an increased risk of complaints and potential Employment Tribunal (ET) claims.
  - (d) Development work that would manage risks to the Council is not being progressed e.g. forward planning for known risks, implementation of Sharepoint, responding to new and changing legislation, information management (for performance indicators and reports).
  - (e) Specific feedback from managers and employees within the service and from out with HR indicate that employee motivation and morale within the service is decreasing. The constant significant pressure on an already lean service is leading to increased sickness absence, poor performance and decreased morale, making it difficult to lead the work on creating a positive workforce culture and improved employee engagement across the organisation.
- 6.2 To help manage the risks, the support provided to managers is being triaged with issues likely to lead to dismissals and potential ET claims prioritised above lower level situations. This does, however, mean that a level of exposure remains.

## 7. **PROPOSAL**

- 7.1 Given the increase in work that the workforce implications from the budget proposals is bringing, and in order to take a responsible approach to managing this, an assessment of the corporate and service related priorities and main pressure points contained within the HR Workforce Plan has been undertaken. This is set out in **Appendix 1** as a scaled back version and proposes where the main resources could be targeted and which areas of work will be effectively reduced or put on hold while the workforce implications of the budget savings work takes place. **Appendix 2** sets out the proposed scaled back Employee Engagement Programme in more detail.
- 7.2 This is a temporary crisis management situation and the position would be reviewed in early 2019 and an updated position reported to P & R along as part of the annual corporate workforce strategy and plan reporting schedule.
- 7.3 It should be noted that the majority of the ongoing planned work still supports the priorities within the corporate workforce strategy; workforce transformation and change, employee engagement and culture, leadership and workforce development. Development work on recruitment has been reduced and this would be a key consideration in March 2019 given the requirement for the council to ensure it has the future skills and capacity it needs to deliver services in the future. It is anticipated however that the overall direction and structure of the council will be clearer at that time which will enable a renewed review and focus on the corporate workforce priorities and resources available to progress these.

## 8. **SUMMARY OF IMPLICATIONS**

- (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))** – this report supports the aspirations for developing the workforce as set out in the Corporate Plan to help achieve the priorities in the LOIP.
- (b) **Policy and Legal** – none from this report.
- (c) **Financial implications** – none from this report.
- (d) **Risk Implications** – none from this report.
- (e) **Staffing Implications** – there are no direct staffing implications however the increased demand on HR resources for operational issues is indicative of the workforce situation at the current time.

To continue with the expectation of delivery of a full workforce plan programme is not feasible and would result in poor performance as well as placing unrealistic pressures of unmanageable workload and timescales on the HR resource at a time when their input is particularly crucial to wholesale workforce contraction and change.

- (f) **Property** – none from this report.

**(g) Equalities/Socio Economic Impact** – none from this report.

**(h) Consultations** – CMT have been consulted on this report and are in agreement with the recommendations.

## **9. CONCLUSION**

**9.1 The Council is facing a period of sustained and significant workforce contraction, the implementation of which is placing a considerable demand on the teams within the HR Service. The corporate workforce plan has been modified to help provide capacity within HR to support the change and transformation work, and the operational work is being triaged according to risk, albeit some exposure remain. The situation will be reviewed in March 2019 when the future structure and shape of the Council is clearer.**

Author of Report: Frances Garrow, Acting Joint Head of HR & ICT / OD Manager

Background Papers:

Ref:

2018 Corporate Workforce Strategy and Plan