Inverclyde council

Report To:	**Policy & Resources Committee**	**Date:**	**15 August 2023**
Report By:	**Chief Executive**	**Report No:**	**PR/18/23/MR**
Contact Officer:	**Ruth Binks**	**Contact No:**	**01475 712748**
Subject:	**Review of Human Resources and Organisational Development**		

1.0 PURPOSE AND SUMMARY

1.1 ☒For Decision   ☐For Information/Noting

1.2 This report is to provide the Policy and Resources Committee with the findings and recommendations of a review into the Human Resources and Organisational Development Team along with information on actions to address the issues identified.

1.2 The external review was undertaken after the Chief Executive, prompted by an external audit action and internal concerns about the challenges faced by the service, commissioned a review of Human Resources. The review was informed by research, interviews and surveys. It identified a number of areas for improvement across the themes of technology and systems; transactional activity and processes; recruitment and appointment; policy and communications; resources and capacity; and learning and development.

1.3 The Service has recognised the significance of the review and, supported by the Corporate Management Team, action to address the priority recommendations has been implemented and approaches to tackle the remaining recommendations developed.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee:
- note the findings and recommendations of the external review;
- note the actions in para 3.21, and
- agree to the inclusion of relevant actions in the Committee Delivery and Improvement Plan.

Louise Long
Chief Executive

3.0   BACKGROUND AND CONTEXT

3.1   The purpose of the review of the Human Resources and Organisational Development Service (HR+OD) was to undertake a high-level health check of the service and make recommendations for improvements. This was prompted by a request by the Chief Executive following an action arising in the 2021/22 External Audit Report and feedback from services. It also allied to the internal recognition of the challenges caused by single person dependencies within the Service. The key focus was to be around the resilience of the team and to ensure the team continues to add value and meet future demands.

3.2   There was agreement in February 2023 that the Chief Executive would use powers under The Scheme of Delegation (Officers) to approve a budget of up to £20 000 from the Council's Capacity Earmarked Reserve to fund an external review of the Council's HR and OD Service. This was approved following consultation with Cllrs McCabe, McCluskey and Robertson, and reported to the Committee on 21 March 2023. An external review was proposed to secure an independent external perspective on the current arrangements, and from someone who would be able to bring knowledge of how other similar organisations operate. In addition, limited staff resources would be a barrier to having such a review conducted internally, especially for it to be concluded swiftly and before the retiral date of the Head of OD, Policy and Communications. The review work was undertaken by a representative of Solace beginning in April with interviews taking place over May and June 2023.

3.3   The review was undertaken through a mix of desktop reviews, data gathering, benchmarking, stakeholder surveys and face to face interviews. The findings and recommendations were discussed with the Head of OD, Policy and Communications, Corporate Director and Chief Executive. They were also presented to the Corporate Management Team and the HR+OD employees by the consultant.

3.4   The review highlights some immediate, medium and long term actions required to ensure a robust HR+OD service that meets the needs of customers. The issues highlighted through the review mainly arise from lack of capacity leading to inefficiencies in processes and reduced capacity within the Service. In comparison to other councils, there are 30% fewer resources within the team at Inverclyde. The prioritisation of key areas, such as payment of salaries, has meant that other areas of business have suffered against a context of very challenging circumstances, including the pandemic, long term sickness absence and strikes.

3.5   Whilst the review highlighted a number of areas in which action requires to be taken it should be noted that the positive culture within Inverclyde Council was evident throughout the surveys and interviews. There was a 'Team Inverclyde' approach to the challenges the Council faces resulting in great collaborative working across services.

3.6   The recommendations can be considered under the themes of:

- technology and systems;
- transactional activity and processes;
- recruitment and appointment;
- policy and communications;
- resources and capacity, and
- learning and development.

These are summarised below, along with information on the actions underway or planned.

The review highlighted a range of areas which could benefit from individual thematic reviews. It was noted that this would place additional demands on an already stretched service. Additional

temporary resources will be required to undertake this work in order to improve service delivery and tackle some of the long-term issues. Addressing a number of the recommendations will require additional funding for investment in systems and staffing resource. The best ways to support these, including potential applications to the Digital Modernisation Fund, are being considered by the Corporate Management Team.

TECHNOLOGY AND SYSTEMS

3.7 The review notes that the IT systems used by HR and OD should be modernised, with options appraisals for upgrades or transitioning to new systems undertaken. Increased streamlining of processes, including workflow package management, automation and self-service options should be undertaken. At time backlogs in other processes have been caused by having to implement manual workarounds for older systems, especially in Payroll.

3.8 In response to the recommendations, research into the contract status and options for the current IT systems used is underway. Options appraisals and costings will follow. Related discussion with other local authority areas is scheduled. There is ongoing consideration of the fit of any new investment in HR + OD systems within the wider Council digital modernisation approach. Pilot approaches to widen access to HR systems to other teams to support self-service is underway.

TRANSACTIONAL ACTIVITY AND PROCESSES

3.9 It is recommended that processes are reviewed to make them more efficient and options for automation are explored. Administrative backlogs should be addressed, with improved processes implemented for monitoring. The issue of a backlog in contracts being issued has been highlighted in particular. Whilst employees will have started in their new contracted post, salary payment arrangements are up to date, and new employees would have received an offer letter with details of their hours, salary etc, there has been an issue with the updated contracts being issued to employees. This is in relation not only to people initially starting employment with the Council but also where there have been any changes in circumstances to a contract e.g. a change of hours worked. The backlog in contracts being issued has not affected employees being paid the correct salary.

3.10 Addressing the contract backlog has been a priority following the review. Work within the Service has been reprioritised and support given from other Services to assist with this task. This work has included improving the worklog to better understand the scale of the issue. As this had become out of date it was not accurate and the estimates of the backlog have therefore varied as this has developed. The current backlog figures can fluctuate significantly, between 300 – 700. This changes on a weekly basis due to various factors. Over the summer period, extensions to existing contracts and changing temporary contracts to permanent contracts can create a significant number of new contract requirements in a very short timescale. This number will include all contractual changes ranging from contracts for new appointments to changes in circumstances such as an increase in hours for an existing post holder. Over the first three weeks in July 445 contracts have been issued. This work continues at pace. A debrief is scheduled for August to capture learning and identify any further measures required to prevent reoccurrence.

3.11 In terms of automation of processes the implementation of Victoria Forms, an electronic forms workflow system, will be further progressed (this creates online forms that users can fill, sign and submit). It is also anticipated that further IT system investment will assist in the automation of processes and this will be progressed through bids to the Digital Modernisation Fund.

3.12 Work to improve the consistency of the data held across different Council Services and the consequent minimisation of reconciliation processes is also underway.

RECRUITMENT AND APPOINTMENT

3.13 The review recommends that the recruitment and appointment process should be made more efficient and notes delays in some new postholders starting in post. This includes the process for approving posts, pursuing references and induction to the Council.

3.14 In response to the recommendations a change in arrangements for following up references has been implemented, with Services pursuing verbal references (which are then recorded) in the first instance. It is anticipated that this will expedite the appointment process. The Corporate Management Team has also agreed to the establishment of new corporate induction sessions which will commence in August. These will be provided face to face, with online participation as an alternative option, and open to all new employees. A more detailed review of the recruitment and appointment process will follow.

POLICY AND COMMUNICATIONS

3.15 On policies it was recommended that a policy review schedule is created, as well as increased engagement with Services to promote key policies. Alongside this the best mechanisms for staff communication should continue to be reviewed.

3.16 In terms of actions to address these recommendations a review of the register of policies the Service is responsible for is underway, with prioritisation of policy updates to follow. Wider employee communication ties into the move away from Icon as an intranet system and making more information available on the external website as appropriate. The implementation of a helpdesk model as the primary means to contact the HR+OD team will be explored.

RESOURCES AND CAPACITY

3.17 In relation to the Service staffing the creation of additional posts was recommended, along with a review of areas of single person dependencies, strengthening the management structure and reviewing roles and remits. Further investment in training and succession planning for the HR & OD Team should be considered.

3.18 Actions to address these recommendations are being progressed. These include consideration of role profiles for new posts to be created within HR+OD; analysis of the HR + OD Service structure and the range of temporary arrangements in place; and identifying employees who would like to undertake further professional qualifications and researching appropriate courses.

LEARNING AND DEVELOPMENT

3.19 In terms of learning and development areas for further work include updating e-learning materials, increased investment in corporate knowledge and skills development and an improved corporate training records system.

3.20 The Service is responding to these recommendations by resolving IT issues in relation to the e-learning platform followed by a programme of updates. Options to increase investment in corporate knowledge and skills development are being considered, including ensuring capacity of the HR+OD team to support this. Improving the corporate training records system aligns to exploring the further functionality of our existing HR IT systems and potential investment in new systems.

ACTION PLAN

3.21 As can be seen above a wide range of actions are underway and planned for future implementation. These will be consolidated under the thematic headings and it is proposed that

high level actions are added to the Committee Delivery and Improvement Plan to support scrutiny of performance. These strategic actions will be:

- Review of the Human Resources, Organisational Development and Payroll IT systems and transactional processes;
- Improvements to the recruitment and appointment processes;
- Development of a framework for policy review, update of policies as required and improvement in employee communications on policies;
- Review of the provision of learning and development activity; and
- Review of the capacity and resilience within the Service.

4.0 PROPOSALS

4.1 It is proposed that the Policy and Resources Committee note the findings and recommendations of the review; note the actions, and agree to the inclusion of strategic actions in the Committee Delivery and Improvement Plan.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources	X	
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 **Finance**

Resources have been reallocated throughout the Council and underspends have been utilised to put immediate actions into place. Options for funding work to address the recommendations will be subject to future appropriate reporting. It is highly likely that additional resource will be required to respond to the recommendations of the review. This will be dealt with through the budget process.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

N/A					

5.3 **Legal/Risk**

The review identified a number of legal and other risks. The action which is being taken to address the issues, and future planned actions, will help mitigate these risks, and appropriate prioritisation has been undertaken.

5.4 **Human Resources**

The human resources implications of this report relate to improving processes for the recruitment and appointment of new employees, as well as improved processes for the development of existing employees. There will be future human resources implications arising from the action plan.

5.5 **Strategic**

The improvements arising from this review and action plan support delivery against the Council Plan outcomes "High quality and innovative services are provided, giving value for money" and "Our employees are supported and developed".

The HR systems modernisation will be considered by the September Digital Modernisation Board.

6.0 CONSULTATION

6.1 There has been consultation as outlined in the report with the Corporate Management Team, Service employees, wider Services and other local authority areas. Unions have been informed of the review process and review recommendations.

7.0 BACKGROUND PAPERS

7.1 None.