



Executive
12th December 2005

**Report from the Director of
Human Resources & Diversity**

For Action

Wards Affected:
ALL

Brent People Management Strategy

Forward Plan Ref: HR-05/06-04

1.0 Summary

- 1.1 This report provides details of the work undertaken by KPMG on behalf of the council in preparing a People Management Strategy and recommending an associated HR delivery model. It also outlines the main recommendations contained within the KPMG report, and seeks funding to take this work forward.

2.0 Recommendations

It is recommended that Members:

- 2.1 Note the contents of the KPMG report.
- 2.2 Agree the broad approach outlined in the report and task officers to produce a detailed project implementation plan by the end of January 2006.
- 2.3 Agree to establish the four Hay graded 'Strategic HR Manager' posts to take forward the People Management Strategy within individual service areas, and to the appointment of a project manager to develop and implement the 'People Centre', subject to funding being agreed by full Council.
- 2.4 Agree one-off funding in 2005/06 of up to £105k to meet the cost of (1) preparing a detailed project plan for implementation of the KPMG recommendations, and (2) selection and recruitment to the Strategic HR Manager posts.

- 2.5 Note that the cost in 2006/07 of the 'Strategic HR Manager' posts and of the project manager to develop and implement the 'People Centre', net of savings from the measures set out in paragraph 3.5, will be a maximum of £200k, and agree that funding for this is considered by full council at the budget making meeting on 6th March 2006.
- 2.6 Agree an immediate freeze on advertising or recruitment to HR, Learning and Development and related posts.
- 2.7 Agree the savings proposals referred to in paragraph 3.5 with respect to HR staffing and efficiencies in training procurement.
- 2.8 Request a further report to the Executive in six months time setting out progress in implementing the KPMG recommendations.

3.0 Detail

- 3.1 HR and more generally people management within Brent has been subject to a number of reviews in recent years, the outcomes of which have been largely critical in nature.
- 3.2 In response to these criticisms KPMG were commissioned by the council in the Summer of 2005 to:
- Engage widely with the organisation in order to prepare a People Management Strategy for the council setting out the critical people/HR priorities for the council in forthcoming years and to
 - Evaluate the different models of HR delivery and recommend an appropriate model for Brent, with clearly described roles and responsibilities.
- 3.3 The attached document is the outcome of this work and recommends the following in order to support the council in achieving its goals:
- A new and more clearly defined relationship between the corporate centre, service areas and units.
 - Adoption and implementation of the proposed People Management Strategy.
 - Introduction of a new model for the delivery of HR, centred around the concept of 'business partners' and a new 'People Centre' to manage routine council wide HR transactions.
 - Agreement to standardise and simplify the HR business processes in the organisation.
- 3.4 Initial steps in taking this work forward will require:
- The development of a detailed project plan and establishment of project streams.
 - Early appointment to four new 'Strategic HR Manager' posts to undertake the 'business partner' role set out in the KPMG report.
 - Early appointment to the 'People Centre' project manager role.

- Appointment of an agency to undertake executive search and selection.
- Advertisement of the new posts in January 2006, and subsequent appointment of staff.

Future work will include a review of the supporting IT infrastructure and will be the subject of a future report to the Executive.

3.5 The KPMG report estimates that, across the council, in the region of £3m per annum is spent on the HR function and HR related administration (excluding learning and development posts and training costs within service areas). In the next few months a fundamental review of the base budgets associated with HR and Learning and Development across the council will be undertaken. This review will:

- Consider the level, grade and distribution of posts required to support the new structure.
- Require that until such time as this work is complete a total freeze on recruitment to HR, Learning and Development and associated posts is implemented.
- Be expected to achieve a saving of approximately £150k in relation to changes in numbers/grades of posts.
- Achieve savings in the region of £150k by more efficient procurement and delivery of learning and development programmes.

It is also anticipated that further savings will be realised by the council in 2007/08 through more efficient use of these resources by the introduction of a council wide 'People Centre'. This will then allow the overall costs of the new structure in future years to be contained within the current funding.

3.6 Appointment to the new Strategic HR and Project Manager roles will need to take place in advance of the establishment of the 'People Centre'. In order to do this initial funding is required as follows:

2005/06

- £25k to take forward work on developing the detailed project plan.
- Subject to the outcome of a tendering process, a maximum of £80k to fund, the advertising and executive search and selection associated with the new posts.

2006/07

- A maximum gross cost of £500k (including on-costs) in 2006/07 for the 'Strategic HR Manager' posts and the 'People Centre' project manager. The actual amount will depend on the outcome of job evaluation for the posts, and date of appointment to the new posts;
- A maximum net cost of £200k in 2006/07 after taking account of savings from the measures proposed in paragraph 3.5 above.

4.0 Financial Implications

- 4.1 The £105k (maximum) one-off costs in 2005/06 can be met from the provision made in the 2005/06 budget for costs associated with structural changes within the Council.
- 4.2 There is currently no allocation for funding provision for the additional funding of up to £200k required in 2006/07. There are opportunities to make savings from rationalisation of existing HR administration functions and the new structure will make this easier to achieve. It should therefore be possible to deliver savings to fund these additional costs in future years but not totally in 2006/07. Budget projections reported in the papers for the First Reading Debate at Full Council on 28th November 2005 currently include a provision for remuneration strategy of £500k in 2006/07. The primary purpose of this provision was to fund potential costs from implementation of the single status agreement. Since the single status agreement will be effective from 1st April 2007, it may be possible to release some of this money to meet the costs of the proposed posts in 2006/07. Funding requirements on an on-going basis – beyond 2006/07 – will depend on savings that can be released from more efficient running of the total HR service.

5.0 Legal Implications

- 5.1 The Executive are being asked to agree the establishment of the 4 'Strategic HR Manager' posts. Appointment to these posts will be subject to the necessary funding being agreed as part of the 2006/2007 budget process. Appointment to those posts will not therefore be made until after the 2006/07 budget is agreed.
- 5.2 It is unclear at this stage whether the proposed structural changes will result in any redundancies. If the changes would be likely to result in more than 20 redundancies then the detailed proposals will need to be brought to the Executive once again for approval.
- 5.3 Procurement of the recruitment consultants will need to be undertaken in accordance with the Council's Standing Orders and any relevant EU procurement rules.
- 5.4 Depending on the other changes that might be identified as the project is developed further approval may be required from the Executive.

6.0 Diversity Implications

6.1 One of the six objectives within the new People Management Strategy is to refresh the Diversity agenda within the council. This will include further work on:

- Actively encouraging and promoting the development of a diverse workforce to ensure that the council is fully representative at all levels of the population it serves.
- Ensuring policies and practices support the needs of our diverse workforce.
- Learning from best practice and evaluating the work that we do to improve performance, with the aim of leading the way in this area.

6.2 With regard to the structural changes proposed within the report, no immediate diversity implications have been identified. However, this will be looked at in greater detail as the proposals are developed.

7.0 Staffing/Accommodation Implications

7.1 The introduction of the changes outlined in the report will:

- Impact upon staff both within HR and Diversity and those staff more widely across the council who undertake transactional work such as in relation to HR and Payroll.
- Require the development of a detailed plan for communication and consultation with staff and their representatives as part of the overall project plan.
- Require a general review of accommodation needs resulting from the changes. In particular the accommodation requirements of introducing a 'People Centre' will form part of the detailed work in relation to this proposal.

8.0 Background Papers

8.1 Report from KPMG – Brent People Management Strategy 2006 to 2010.

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