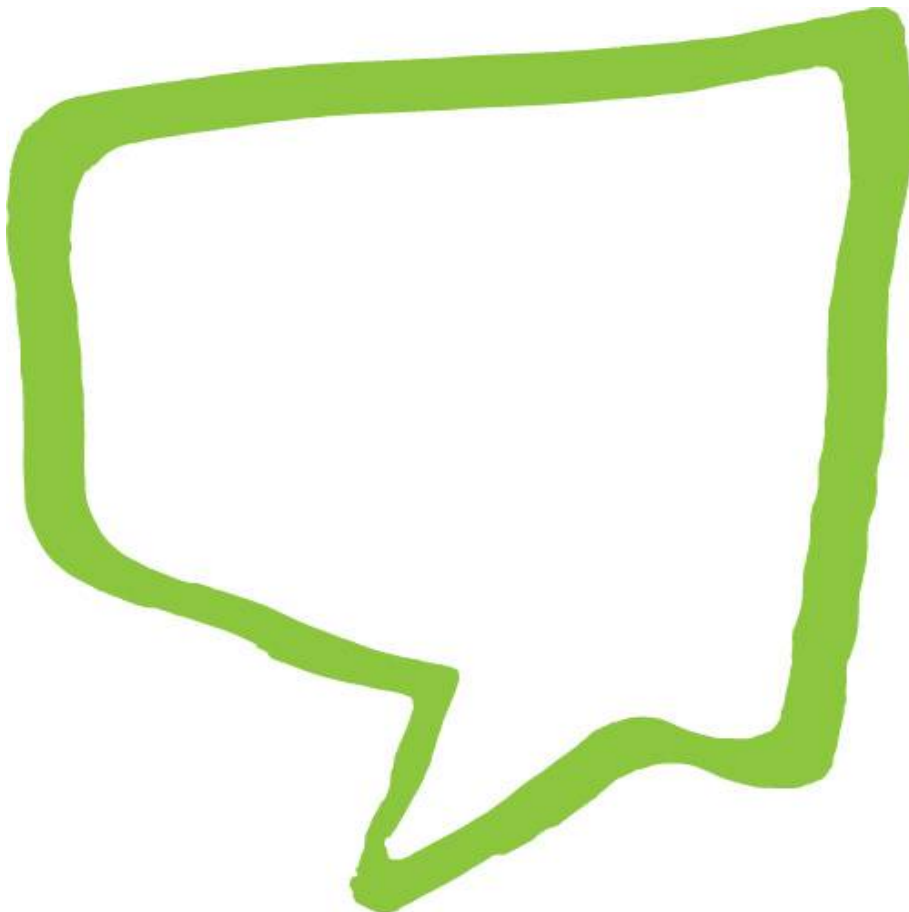


Human Resources - Follow-up

Brent London Borough Council

Audit 2009/10

January 2010



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Introduction and background

- 1 Effective human resource (HR) management is of fundamental importance in local authorities. Local government is largely a provider of services, and it is employees who provide these services. Local authorities achieve success through people. But people costs are high. About half of local authority spending goes on employees.
- 2 Since 2003, we have undertaken three separate reviews of Brent's HR service. Our 2005 review found that, although there had been some improvements since 2003, the pace of change was too slow. Some areas such as managing sickness absence, improved, but other weaknesses remained. In particular, HR was not managing strategic issues effectively. At the time, there was no formal HR strategy. Leadership was not strong enough to tackle long-term problems in the HR service. We made seven recommendations.
- 3 Our most recent review, in early 2008, considered progress made on our 2005 recommendations. We found the Council had made progress on all of these, but work was not complete on some of them. In summary, we found that:
 - the role of the HR service was clear;
 - leadership of HR was stronger. The Council appointed Strategic Human Resources Managers (SHRMs) in 2006. However HR was not always visible at a strategic level. It was not a strong force for change across the Council;
 - HR received limited support, challenge and scrutiny by Chief Officers and Councillors, although the Chief Executive and one corporate Director played active roles;
 - the Council had put in place a People (HR) Strategy, but because monitoring systems were still in development, it was hard for those outside the HR team to assess what progress it was making; and
 - the Council had appraised options for the future delivery of HR and made its choice based on a sound business case.
- 4 Our overall conclusion was that HR had improved since 2005. However, there was more for HR to do to secure further improvement. This included:
 - progressing work on learning and development to ensure this met current and future needs;
 - developing more robust arrangements to allow senior HR managers, Chief Officers and Councillors to oversee the corporate health of the organisation;
 - using benchmarking consistently to compare the Council's performance with that of other organisations;
 - completing work on core tasks such as revising HR policies and implementing the delayed single status agreement;
 - giving early warning to Chief Officers and Councillors about potential problems;

- proving the extent to which the People Strategy and the new HR structures have improved performance and skill levels across the Council, as this is not currently clear; and
- further strengthening the leadership role of HR so it is a force for change across the Council.

Until these are in place, the HR service will not work at maximum effectiveness.

- 5 Since our 2008 review, the senior management of HR has changed. The role of Director of HR no longer exists. An Assistant Director (HR) now reports to the Director of Business Transformation.

Audit approach

- 6 Our 2009 work followed up progress on our 2008 recommendations, which were as follows.
- Clarify the role of Strategic Human Resources Managers (SHRMs) in balance between strategy and casework.
 - Consider how to further strengthen the leadership role of HR throughout the Council.
 - Agree a set of key performance indicators for the Strategic Human Resources Group (SHRG) so it can measure its impact. Monitor these routinely.
 - Agree a set of performance indicators which allow CMT and Councillors to measure the success of HR, such as vacancy rates, staff turnover and use of agency staff.
 - Where there are early suggestions of a developing concern within the organisation, HR to brief the chief officer management team in a proactive way.
 - Wherever practicable in action plans, benchmark the Council's performance against that of other councils or similar organisations.
 - Review the suggestions made by focus groups for improving the HR service. In particular, take account of their comments on internal communication about changes in HR.
- 7 We reviewed the Council's documents and interviewed the Chief Executive; senior managers; HR staff and the lead Member for HR.

Main conclusions

Summary

- 8 HR has improved since 2008. It is now at the centre of the Council's business transformation plans. HR is proactive at giving early warning of potential workforce problems and suggesting solutions. Councillors and CMT now receive good performance information on HR and use this to take decisions. Chief officers see comparative information on key areas such as sickness absence and employee turnover. The Council plans to do more benchmarking, which is useful. Overall, the Council's business transformation plans are extremely challenging, but HR is now better placed to help deliver these.
- 9 The role of the Strategic Human Resources Managers (SHRMs) is now about strategy rather than routine casework. While Directorates understand the need for this change, some are not enthusiastic. Communications channels have been set up to embed HR policy and practice, but it is too soon to see how well they work in practice. The role of the Strategic Human Resources Managers Group is still not clear enough. The Council should review this role.

Does the Strategic Human Resources Managers' (SHRM) role strike the right balance between strategy and casework?

- 10 The role of the Strategic Human Resources Managers (SHRMs) is now clearer than in 2008. Focus is on strategy rather than casework. When the Council reorganised HR in March 2009, it reviewed the SHRM role. SHRMs are now responsible for strategic HR in Directorates, where they are members of Directorate Management Teams (DMTs). Each SHRM leads on a corporate HR issue such as employee relations or workforce development. Directorate staff are now responsible for routine casework although SHRMs will still deal with unusual or complex cases. This division of responsibility is clear and well-understood across the Council.
- 11 However, the change has led to some tension. Directorates generally value their SHRMs' advice and some are reluctant to see SHRMs pulling out of routine casework. To signal a fresh start, the Council has decided to move all SHRMs to different Directorates. This decision is justified and should help SHRMs work in new ways.
- 12 The Council has satisfied itself that SHRMs offer value for money. SHRM posts are senior ones and well-paid compared with other authorities. In a context of organisational change and staff cuts, the Council has to be sure that this outlay is worthwhile. SHRMs are providing high-level, professional advice to Directorates and the Council during a period of risk. For example, they advise on handling redundancies, grievance cases, and employee relations. SHRMs are providing assurance to senior managers so their cost is justified in the present climate.

Main conclusions

Does HR have a clear leadership role?

- 13 HR now has a higher profile role within the Council than in 2008. In 2008, HR provided a reactive, traditional personnel service. It is now at the centre of business transformation, which is a top priority for the Council. HR reports to the Director of Business Transformation, which reinforces its important role. Personnel changes in HR have also made it more effective. The Assistant Director (HR) attends Corporate Management Team (CMT) regularly and although there is sometimes lively debate, such as on handling disciplinary cases, HR now has a clear and influential role in CMT.

How well does SHRG work?

- 14 The Strategic Human Resources Group (SHRG's) role is still not clear enough. Its remit does not reflect the Council's current circumstances. In 2008, we said that, because the chair was a corporate director not the head of HR, there was a missed opportunity for HR to provide leadership and direction. The SHRG chair is still a corporate director, but HR now has a strong role on the corporate management team. The context is different in other ways. In particular, SHRMs are now well-established on departmental management teams. The Council does not need SHRG to bring together directorates and the central HR team.
- 15 SHRG now receives workforce data but does little to drive improvement. In 2008, we said that SHRG did not receive good performance information and did not pay enough attention to outcomes. Although SHRG now receives similar information to the corporate management team, it is not clear how it uses this to drive improvement. For example, SHRG did not challenge data on changing trends in employee relations cases. The main value of the group is to test and amend new HR policies before these reach chief officers. Another forum could do this equally well and it is difficult to measure what value SHRG adds.

Recommendation

- R1** Consider whether the Council still needs SHRG as currently established.
- Costs: potential savings in officer time.
 - Benefits: better use of time; remove duplication.

Do the corporate management team and Councillors get useful management information?

- 16 Chief officers and councillors now receive useful information in an accessible format. Monthly and quarterly dashboard reports show how well the Council is doing in important areas like sickness absence, employee turnover and number of agency staff. The head of HR produces a useful commentary to show where the problems are. This means CMT and Councillors now know which issues to tackle. For example, improved information caused the Lead Member to investigate sickness in a particular team. Similarly, the Council understood the impact of swine flu and could plan for this. Statistics on employee numbers and turnover are now much more reliable. The Council used these confidently to decide how many posts to delete in 2009/10 as part of its initial downsizing exercise.
- 17 Some senior managers have reservations about the accuracy of data across the Council. Work is going on to improve this. Despite this concern, management information is much better than it was in 2008.

Is HR proactive?

- 18 HR is much better at giving early warnings and putting forward ideas than it was in 2008. As we have already said, chief officers take account of advice from HR. HR is now more active in several ways. They give early briefings of potential problems. For example, they explained the implications of London weighting changes to the Lead Member and Leader well before discussions with unions began. HR managers also suggest ideas to CMT. For example, HR warned CMT that delaying decisions about the workforce could cost up to £1 million a month in lost savings. This led to prompt action. When CMT was planning to downsize, the work undertaken by HR, to provide a package of efficiency measures, enabled proposed savings from overtime and agency staff to be actioned rather than just reducing the number of posts. This should help the Council reduce the need for redundancies and stay on track to meet its planned savings targets for 2009 to 2013.

Does the Council use workforce benchmarking?

- 19 The Council now uses workforce benchmarking in some key areas and plans to extend this. In 2008, the Council did not routinely compare itself with other authorities. Now the dashboard reports show how the Council performs against other London boroughs in areas like agency staff, sickness absence, and turnover. Councillors and officers use this information. For example the Lead Member recently reassured himself that Brent's sickness levels were in the best 25 per cent of London boroughs. Similarly, data showed that 16.4 per cent of Brent's workforce came from agencies, compared with 14.8 per cent in London as a whole. This helped CMT decide to use agencies less. The dashboard also plots trends within Brent. It is easy to see whether something like sickness absence is getting better or worse. Managers told us they would like more detailed benchmarked data and work is underway on this.

Main conclusions

- 20 Workforce benchmarking also helped the Council plan its business transformation. For example, it showed that in Brent, managers supervised fewer staff than average for London boroughs. Brent had more back office and fewer front-line staff than average. The Council is using this knowledge to help develop its wider organisational transformation.

How good is communication about changes in HR?

- 21 The Council has developed several good communications channels to embed HR practice. These include team briefing, changes to the internet, newsletters and seminars. It is too soon to tell how effective these are in practice, but early signs are encouraging. For example, most recent items in the 'What's new?' section of the intranet are about HR. The Council has plans to evaluate how successfully it communicates with staff, and this will build on the recent feedback to the annual staff survey.
- 22 There are good plans to develop 'change communities' within Directorates, facilitated by SHRMs. The Council plans for this to gather momentum and importance in 2010 as it implements the One Council delivery programme. As well as sharing information, the change communities will work together on managing changes. This is a good idea but it is too early to show an impact.

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 Consider whether the Council still needs a strategic human resources group as currently established.	Low	CMT	Yes	Strategic HR report to CMT on 7 January 2010 will action this recommendation.	By 31 March 2009

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
