

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Employment in Hampshire County Council
Date:	15 July 2013
Title:	Major Change Programmes - HR Implications
Reference:	5024
Report From:	Andrew Smith, Chief Executive

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1. Executive Summary

- 1.1. The purpose of this paper is to outline some of the HR implications that will follow from the Council's agreement to Transformation to 2015, which was approved by Cabinet on the 24 June 2013. Transformation to 2015 is the management framework around which the County Council will deliver the next tranche of savings and cost reduction to meet the projected losses in grant and other financial impacts of the Government's deficit reduction programme.
- 1.2. The transformation programme is based on a range of management activity involving the redesign and recommissioning of services, the development of new capacity and models of provision, shifting business processes to new technology platforms and continued downward pressure using efficiency and cash limit service reductions. All of these initiatives will impact on the nature of the role of managers, their team's performance and the skills we require staff to develop as we build capacity in the organisation and perhaps critically, as we begin to work across departmental and organisational boundaries. The report elsewhere on the agenda identifies the key Strategic Workforce Development issues. This report focuses on the major changes in our operating model that will impact on staff.

2. Transformation of Services- Moving beyond Cost Reduction & Efficiency

- 2.1 The idea of Transformation of Services can be easily talked about but is harder to deliver. Effective transformation will be possible where:
- The service(s) being procured have been redesigned and (re)commissioned;
 - The expenditure inputs gives rise to more outputs;

- Models of provision are adapted to cost less but give the same or greater outputs;
- Technology plays a part in the 'end to end' process or shifts the channel to provide a more cost effective service; and
- Costs and the scope of services are reduced.

2.2 By definition this process is slower to implement than cost reduction but can have a deeper and more lasting impact on future expenditure patterns. For example:

- more effective partnerships with health that focus on reducing demand, reducing and sharing cost reductions and effective working (a report is planned for Cabinet in July 2013);
- a further look at what IT can achieve in terms of covering the cost of new service models recognising the significant savings that came with Hantsdirect and would come from an Integrated Business Centre (IBC);
- reducing staff costs with a deeper look at agency and temporary staff levels in all services;
- reviewing the operating models of departments using the capacity of the Private Sector Partner;
- continued cautious exploration of business strategy opportunities which contribute to our general capacity;
- further 'internal sharing' of capacity across departments; and
- a deeper look at procurement opportunities moving upstream for reduced cost to review specifications, supply chain management overlaps and demand management (this work is underway with Deloitte).

3. Some Themes

3.1. Experience tell us no one solution will be effective. A genuine transformation programme, that respects services and high levels of performance will be made up of:

1. Programme and workstreams which incorporate the successful elements and learning from what has been done previously;
2. Strong stewardship of resources; and
3. Real transformation of services (see 2.1 above)

3.2. Taking this more strategic approach recognises the different nature of many of our services, how they are funded and how they react to demand and cost reduction. Therefore some major themes for a Transformation Programme emerge:

- A further phase of efficiencies programme(s);

- A deeper look at demand management strategies for services;
- Tight cash limits on service expenditure;
- Another round of asset backed efficiency opportunities;
- A continuing review of income opportunities;
- Opportunities to partner and share capacity, people and cost;
- Modernisation and transformation of working practices and terms and conditions;
- A reappraisal of the role of the voluntary sector; and
- Redesign and reappraisal of service levels.

3.3. Performance Management

To maintain the current County Council business model of high performance will require all of the issues in this section to contribute to cost reduction, cost avoidance and increased productivity. All of the above would build upon the decision by Cabinet on 29 October 2012 to prepare a new Transformation Strategy that was relevant to what would happen to our grant support in the period to 2015 and beyond. The above themes would be developed with the Transformation Programme to 2015 and reported to Cabinet in the same way as the Cost Reduction and Efficiency Programme was over the last two years.

3.4. Communication Strategy

One of the outcomes of the last cost reduction and efficiency programme was the Council's ability to explain to staff, partners and suppliers its overall strategy and maintain morale among our direct employees despite some unprecedented cash reductions. It will be important to repeat and achieve a similar outcome. A Staff Engagement strategy will be facilitated to support this important aspect of the transformation agenda and to ensure that staff are able to feedback their views on progress and issues.

4. Implications for EHCC

- 4.1. It is difficult to be precise as to the impact of all these initiatives. The Strategic Workforce Development Programme will be looking at the development of new performance and appraisal systems. It will also look at interventions to develop new skills and capacity in managers and staff. The cumulative impact of the deficit reduction programme requires staff to be resilient around performance, safeguarding and the management of risk and proposals are being developed around maintaining the health and resilience of the workforce during what will inevitably be challenging times. The business strategy approved by Cabinet has at its core the importance of retaining and developing capacity in many areas of our professional services and business activity. Effective management development, learning and ensuring that staff get access to the relevant experience, will all help to build the capacity that protects services in the County Council, but at the same time makes them

available to be shared and traded with other organisations. It is without doubt one of the most exciting times that the organisation faces. These times are also difficult and the Strategic Workforce Development Programme therefore becomes a critical element for our future success.

4.2. In particular, it is proposed to consider:

- the development of a new appraisal system;
- the issues around developing the rights skills, knowledge and behaviours to facilitate the Council's transformation agenda; and
- a development programme around new management behaviours.

4.3 To maintain momentum in the programme to 2015, the Chief Officers have all agreed in their appraisals to support the required workstreams and 'Transforming the Council through You' ensuring a holistic approach to the issues. Other issues relating to pay, productivity and terms and conditions will all come before EHCC in the near future as part of this transformation programme.

4.4 The broad implications of the change programme suggest a Workforce Strategy involving:

- further Voluntary Redundancy (VR) Programmes and continuing with a VR scheme which is cost effective but encourages applications in order to achieve workforce reductions in the most effective way;
- increasing Shared Services and capacity between departments and partners;
- a revised set of HR policies which both facilitate a strong culture of staff performance and flexibility for the Council as it moves to a new way of working;
- further organisational reviews to meet cash reductions: and
- a need for continued communication, engagement and adaptation from the workforce.

5. Recommendation

5.1. It is recommended that EHCC notes the scale and impact of the changes and agrees that the Chief Executive brings forward the relevant papers and proposals in relation to the issues discussed in this report.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Transforming the Council to 2015 – Report No. 1 (Exempt)	4939	24 June 2013

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. N/A

2. Impact on Crime and Disorder:

2.1. N/A

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption? N/A

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? N/A