

**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

REPORT TO: PERSONNEL COMMITTEE

REPORT OF: CHIEF EXECUTIVE

DATE: 16 DECEMBER 2009

**SUBJECT: PERSONNEL AND ORGANISATIONAL DEVELOPMENT:
ASSIGNMENT OF POST OF DIRECTOR OF HUMAN RESOURCES**

PURPOSE OF REPORT

To present proposals to strengthen the capacity, skills and organisational arrangements with regard to personnel and organisational development and to seek approval to the creation of a new post of Director of Human Resources.

RECOMMENDATIONS

That the Committee:-

1. Note the proposals set out in this report to integrate and improve the Human Resources (HR) and Organisational Development (OD) functions.
2. Approve the creation of the post of Director of Human Resources.
3. Grant delegated authority to the Chief Executive, in consultation with the Executive Member for Finance and Human Resources to approve the salary for the post of Director of Human Resources and to determine the composition of an Appointments Panel to progress all aspects of the recruitment.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS

The proposals set out in this report will be cost neutral in overall terms as the restructuring of the HR and OD functions is designed to achieve significant revenue savings.

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BACKGROUND DOCUMENTS

None

IMPLICATIONS FOR KEY COUNCIL POLICIES

Anti-poverty	Equal Opportunities	Environment	Employment
Yes	Yes	Yes	Yes

1. BACKGROUND

1.1 The City Council's organisation arrangements for people management and workforce development are currently dispersed as follows:

- Personnel Management – located in the Corporate Services Directorate;
- Corporate Organisational Development – located in the Performance Division of the Chief Executive's Department;
- Service Development Teams – located within service Directorates under a variety of reporting arrangements.

1.2 All Personnel Management functions fall under the Head of Corporate Personnel who is responsible for establishing and maintaining the framework through which the City Council employs and manages its workforce. Following a Service Improvement Project conducted in conjunction with the Director of Transformation, this Committee approved a revised structure for the Personnel Service on 27 May 2009. The reorganised service constitutes three distinct components:

- Shared Service Centre – responsible for transactional personnel functions;
- Personnel Advisers – located within service Directorates to provide advice and support to managers on complex personnel management issues;
- Corporate Personnel – development and implementation of personnel management policies and maintenance of pay and grading policy.

1.3 Corporate Organisational Development falls under the Head of Leadership Development and is responsible for the development of a skilled and motivated workforce to support the delivery of excellent services. The Head of Leadership Development is also responsible for developing initiatives to ensure the organisation has a workforce with the right skills and capacity to meet future challenges.

1.4 A Service Improvement Project is currently underway for Organisational Development, supported by the Director of Transformation. The target operating model is to establish a three tier organisation broadly based on the model established for the Personnel and Finance functions. Under the

envisaged structure, Service Improvement Teams located within Service Directorates would be more closely aligned with broader corporate approaches to organisation and workforce development.

2. INTRODUCTION

2.1 This year's budget and business planning process has brought into sharper focus the extent to which we have the capacity, skills and organisational arrangements with regard to Organisational Development (OD) and people issues to enable the achievement of existing policy priorities and deliver the level of public sector reform the City Council aspires to.

2.2 Through the budget and business planning process, the key priorities for Personnel and OD have been further clarified:-

- Continued development of a management culture which supports ownership of people management issues with service managers.
- Use of the Town Hall Transformation Programme to develop new and flexible ways of working which can be consolidated and rolled out across mainstream services.
- Development of further innovative approaches to recruitment and developing our capacity to meet key priorities.
- Enhancement of organisational capacity to identify future skills needs.
- Development of capacity for modern organisational design which supports a leaner, highly skilled and flexible workforce using the "toolkit" of AIM and supporting our customer, ICT and Neighbourhood strategies.
- Active promotion of our growth strategies – worklessness, young people etc. through the Jobs Fund and the Residents Wages scheme.

2.3 There has been notable successes within both Personnel and OD, such as:-

- Personnel provides high quality support on recruitment and selection of the most senior appointments; the work on single status and job evaluation has established a strong platform from which to develop a more flexible and skilled workforce. There has also been good progress in reducing spend on agency and temporary staffing.
- OD has introduced new leadership programmes across senior and middle management; staff engagement has been improved at all levels; and there has been progress in joint working on the Skills Pledge and making

stronger use of the Council's role as an employer in tackling worklessness.

- Personnel have created a Shared Service Centre and work is currently being progressed to establish an OD Shared Service Centre from April 2010. Together with the Finance Shared Service Centre, these will create a common back office support facility for the Council.

1.4 However, whilst acknowledging these successes, key challenges remain:-

- The pace of change for the implementation and future integration of these back office support functions needs to be accelerated.
- There is more to be done on rationalising processes for appointments, building on the good practice for senior appointments.
- Management of attendance, as discussed at the Committee's last meeting.

3. PROPOSALS

3.1 The learning from the successes and the remaining challenges is that the Personnel and OD functions can no longer progress separately if sustained transformational change is to be achieved. New arrangements will be required which will mean significant restructuring to populate the integrated structure with the skills required.

3.2 It is proposed that the existing Personnel and OD functions are combined and to create a new position of Director of Human Resources which would cover three main components:

- Shared Services for HR/ OD transactional functions.
- A smaller core of HR professional expertise (e.g., reward, talent development and management, employee and Trade Union relations and the functions relating to employment law, CRB, grading and discipline).
- Strategic partner roles – using the knowledge of services to influence change and people management practices through working with Heads of Service to develop and implement the people aspects of change strategies, OD workforce planning and skills development.

3.3 These changes will strengthen the capacity, skills and organisational arrangements with regard to HR and OD with the objectives of:-

- Creating HR practices and processes that can facilitate rapid implementation of organisational changes.
- Securing maximum impact for what the Council's spends on these functions.
- Securing strong organisational arrangements for full integration of these functions.

3.4 The immediate priorities to take these proposals forward are:-

- Review the People Strategy.
- Agree a programme of change to transform the HR and OD functions.
- Agree the revised structure for HR and OD for the whole organisation.
- Address costs and agree a robust estimate of savings over the next three years.

A further report on the outcome of these tasks will be submitted to a future meeting of the Committee.

3.5 Once the re-structuring has taken place and has had time to embed, the position of the function within the structure of the Strategic Management Team will be determined. In the interim period, the Director of HR will report to the Deputy Chief Executive (Performance).

3.6 Subject to the Committee approving these proposals, it is requested that delegated authority be granted to the Chief Executive, in consultation with the Executive Member for Finance and Human Resources to determine the salary for the post of Director of Human Resources and the composition of an Appointment Panel to progress all aspects of the recruitment.

4. IMPLICATIONS FOR KEY COUNCIL POLICIES

4.1 The merger of the Personnel and Organisational Development functions and the creation of a new post of Director of Human Resources will support more effective management across the organisation, together with upskilling the workforce, thereby contributing to all key Council policies.

Howard Bernstein

Chief Executive