

Report of	Assistant Chief Executive	Author	Jessica Douglas ☎ 282239
Title	Supporting Commercial Services through Human Resources		
Wards affected	Not Applicable		

**This report looks at the Human Resources (HR) Business Support that is provided to commercial services, including the policy and legal framework that we work within when providing HR and the challenges and opportunities this context affords.**

## 1. Decision Required

- 1.1 Trading Board is asked to note the contents of the report and comment on the HR business support provided to commercial services.

## 2. Introduction and Background

- 2.1 Strategic HR sits in the People and Performance Team within Corporate and Financial Management. Corporately, the team develops and is responsible for implementing the Council's (CBC) People Strategy, and it supports and delivers the HR aspects of the Council's transformation programme.
- 2.2 Each CBC service also has a dedicated HR Business Partner who works in partnership with them to achieve their goals and to be responsive to their service priorities and plans. In addition, the Business Partner supports service reviews; recruitment; remuneration; learning and development and provides advice on employment law and employee relations cases.
- 2.3 HR innovations and activities introduced to support the UCCFSR Change Programme included job re-design, recruitment, management of redundancies, consultation with UNISON; a new appraisal system; a learning and development programme to support the three organisational goals shown at 3.1 below; introduction of Career Track which is CBC's Talent Management programme; introduction of a staff recognition scheme; and introduction of new commercial contracts, including performance bonuses based on income generation targets and procurement savings.

## 3. Strategic HR and Organisational Development

- 3.1 One of CBC's goals is to be more commercial and business-like, and the HR Team has endeavoured to respond to the changing environment by adopting a more flexible and innovative approach. The new [People Strategy 2015-18](#) sets out how CBC will attract, nurture, empower and incentivise staff to support the delivery of CBC's Strategic Plan, business objectives and three organisational goals:

- **Customer** – To help our customers access our services and deliver on our communities' needs.
- **Business** – To become commercially focused and even more business-like in order to be free of government grant by 2017.
- **Culture** – To have inspired staff who do the right things and are proud to work for the Council.

3.2 As part of the previous People Strategy, a number of initiatives were introduced to support the transformation programme and culture change towards a more customer and commercially-focused organisation. The focus was on helping managers and staff to adapt to the new ways of working, behaviours and attitudes. These included:

- A recommitment to staff development through our Talent Management programme, Career Track.
- A Learning and Development programme aligned to our business goals.
- New appraisal process introduced, aligned to CBC's three organisational goals.
- A recruitment process that is also aligned to our three goals, cultural attitudes and behaviours.
- Staff Recognition scheme that rewards staff for their contribution to the goals.
- People Policies reviewed to reflect CBC's business needs.
- ILM5 Coaching Programme for managers is running.
- Leadership Development Programme facilitated by Senior Management Team created and implemented.
- Commercial Development Programme delivered with more planned for 2016.
- Staff involvement is encouraged through Creative Clubs and a new staff suggestion scheme.

3.3 The support to Commercial Services specifically has included:

- recruitment support for the new Commercial Managers.
- the introduction of performance-related payments for Commercial Managers in recognition of the challenges of recruiting commercial managers with the right skills and experience. Commercial Managers at CBC can earn additional payments, up to a maximum bonus, depending on the achievement of income targets and procurement savings.
- contribution to the Essex Building Control bid submission, outlining how we intend to deal with the TUPE transfer of staff to Colchester, pay and remuneration and supporting culture change.

3.4 The new People Strategy will continue to develop and support the transformation of the organisation. Alongside the Customer and Culture goals, a number of people priorities have been identified that will directly support our commercial and business ambitions. CBC will need to continue to deliver ambitious income targets within finite resources.

Our challenges are to:

- Ensure our employment practices are aligned to and deliver our commercial ambitions.
- Enhance CBC's commercial skills such as procurement, contract management, business planning, sales and marketing, and project management.
- Ensure our managers are ready and able to support the establishment of different delivery models.
- Be able to recruit and retain staff in an increasingly competitive recruitment market
- Define for staff what 'business-like' means; and to become leaner, more efficient and to deliver services with customer needs in mind.

3.5 Our People Priorities that will respond to these challenges are:

- Recruitment – respond to and compete within a challenging employment market by promoting CBC as a great place to work, reviewing where and how we advertise, exploiting social media and digitalising our recruitment process to enhance the candidate's experience.

- A Commercial Learning and Development Programme – to include procurement, contract management, business planning, sales and marketing, project management.
- Retention and Reward – review provisions within the Officer Pay Policy to ensure that CBC's recruitment, retention and performance incentives enable CBC to attract and retain talent.
- To ensure Strategic Corporate Managers have the knowledge and confidence to support the delivery of different business models and not to be risk averse.
- To review and adapt key employment policies and practices to ensure they are business-focused.
- To use customer feedback and data to shape services and to manage performance and develop staff.
- Career Track – to identify critical technical roles, and develop and nurture key employees and Future Leaders and Future Potentials to move into these roles.
- Flexible employment contracts - so staff are working when the business needs them.

3.6 We will know whether the People Strategy is working through the following indicators and outcomes:

- The need to re-advertise posts is addressed, and the time taken to fill vacant posts is reduced.
- Skill gaps are addressed and income targets are achieved.
- Key staff are retained and high staff turnover is addressed.
- Customer standards are achieved and feedback is positive for our commercial services.
- Commercial projects, programmes and business cases deliver their objectives within timescales and on budget.

#### **4. Operating commercially in a local government context**

- 4.1 HR's role is to be responsive and flexible to service requirements whilst working within legal constraints. Although CBC is becoming increasingly commercial, we have to operate within the public sector version of commercialisation which can attract a higher level of public scrutiny than a private sector business. The most obvious difference is that CBC is a democratic organisation with layers of decision making which do not exist in the private sector. As a public sector organisation funded by the public purse, we are perhaps more mindful of taking riskier decisions because this could impact on the ability to fund and deliver public services.
- 4.2 CBC would always operate within employment law, partly because as a public sector organisation the public expect us to do so and also because we work within a unionised organisation and recognise UNISON as the collective bargaining, negotiating and consultation body. The relationship with UNISON is very productive and positive, however there are a number of legislative areas in which UNISON has a particular interest including the Equality Act 2010, Equal Pay and Transfer of Undertakings (Protection of Employment) amended 2014 (TUPE).
- 4.3 The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society and applies to all employers. The public sector Equality Duty came into force on 5 April 2011. It means that public bodies have a duty to consider all individuals when carrying out their day-to-day work – in shaping policy, in delivering services and in relation to their own employees. Under the Equality Duty, CBC must have due regard to the need to:
- Eliminate discrimination
  - Advance equality of opportunity
  - Foster good relations between different people when carrying out their activities.

- 4.4 A provision of the Equality Act that CBC has to be particularly mindful of is that of Equal Pay for men and women. When introducing different pay and remuneration schemes for commercial staff, CBC has to ensure that equality issues have been considered in full, that we are not building bias or discrimination into our pay scheme, and that any changes can be justified as a genuine factor which is not based on the sex of the employee. It is an area for CBC that UNISON have already indicated is on their watch list, and will challenge and bring equal pay claims on behalf of their members.
- 4.5 Another area of difference for local government from the private sector is the provision of the Local Government Pension Scheme (LGPS), which councils need to be mindful of when considering transferring out staff out into a different service delivery vehicle. Under Transfer of Undertakings (Protection of Employment) (TUPE), staff transferring will have their terms and conditions protected and these can only be varied by agreement. In addition, under the Local Government Pension Scheme Regulations 2013, councils are scheme employers and are obliged by law to offer access to the LGPS to all existing and new employees.
- 4.6 If CBC creates a new model of service delivery which involves transferring staff who currently have access to the LGPS, then the Best Value Authorities Staff Transfers (Pensions) Direction 2007 will apply. This places a requirement on councils to either provide continued access to the pension scheme that the employee is provided with through their employment with the council, or to insist that the new employer provides a broadly comparable scheme.
- 4.7 It is also anticipated that LGPS regulations will be amended to incorporate the Fair Deal equivalent principles. Fair Deal Guidance was published by the HM Treasury in October 2013 and provides for the continued access to the Public Sector Pension Scheme for employees subject to an involuntary change of employer whether or not TUPE applies. This access continues on subsequent movements of employer (such as re-tenders of the service). If Fair Deal is incorporated into LGPS regulations, all local government transferring staff will remain within the LGPS rather than being offered access to a broadly comparable pension scheme.

## **5. Looking ahead**

- 5.1 We are looking forward to continuing to support CBC's commercial objectives. The next opportunity is the establishment of the Essex Building Control service and we have a robust implementation plan in place already to support the new service. The aim for HR going forward is to continue to support and enable CBC's business priorities and trading ambitions in whatever form that takes.

## **6. Standard References**

- 6.1 There are no particular references to publicity or consultation considerations, or to financial, community safety, health and safety or risk management implications. Equality and Diversity issues are considered in section 4.