
**Manchester City Council
Report for Information**

Report To: Resources and Governance Overview and Scrutiny Committee –
Human Resources Subgroup - 1 June 2010

Subject: Integrated Human Resources and Organisational Development
Service

Report of: Deputy Chief Executive (Performance) and City Treasurer

PURPOSE OF REPORT

To update the Committee on work undertaken to integrate and transform the Human Resources and Organisational Development functions and outline the future approach to people management and development activities across the Council.

To seek approval for a proposed senior management structure for the new integrated Human Resources and Organisational Development service.

This report will be considered by the Human Resources sub-group of the Resources and Governance Overview and Scrutiny Committee on 1st June. Any Comments from the Sub-Group will be reported to this Committee.

RECOMMENDATIONS

That the Committee:

1. Note progress to date in integrating and transforming the Human Resources and Organisational Development services and endorse the overall approach to the development and deployment of skills set out in this report.
2. Note the appointment of the Assistant Chief Executive (Performance) to the new post of Assistant Chief Executive (People) and that arrangements will be made to fill the resulting vacancy for Assistant Chief Executive (Performance).
3. Approve the proposed organisation of management responsibilities in the integrated service, including the establishment of the following senior posts reporting to the Assistant Chief Executive (People):
 - Head of HR / OD Service Delivery and Strategic Business Partner (Corporate) at a salary of £85,257, and appoint the current Head of Personnel into this new role.
 - Head of HR / OD Strategy at a salary of circa £65,000.
 - 3 x Strategic Business Partners for Children's Services, Adult Services and Neighbourhood Services at salaries of circa £65,000.

4. Agree that responsibility for the line management of the Health and Safety Team be transferred to the Head of Audit and Risk Management and that the delegated authority be granted to the City Treasurer acting in consultation with the Executive Member for Finance and Human Resources, to review and modify the structure for the health and safety team service in light of emerging priorities.
5. To note and agree that management of all back office Shared Service Centres remain under the line management of the City Treasurer.
6. Grant delegated authority to the Deputy Chief Executive (Performance) acting in consultation with the Chief Executive, the City Treasurer the Leader of the Council and the Executive Member for Finance and Human Resources, to progress the implementation of detailed structures for the integrated HR/OD Service, including number of posts and grading levels to be determined by job evaluation beneath the senior management structure, and agree to new role profiles and appointment arrangements to be progressed in line with the M:People principles set out in this report.

FINANCIAL CONSEQUENCES FOR THE REVENUE AND CAPITAL BUDGETS

The overall structure proposals that have been developed for the integration of the HR/OD Service will cost £0.8 million less in the first year of implementation, the release of this saving will be conditional on effective redeployment. The exact amount achievable in 2010 will be subject to the development of final structure proposals in consultation with the Trade Unions and progressed under the delegated authority sought in the recommendations to this report. From 2013 it is anticipated that this will rise by a further £0.7 million per annum to around £1.5 million per annum in a full year.

It should be noted that the savings achievable could be affected by a change in external funding streams. An estimated £0.5million is funded through Area Based Grant. Further savings will be achieved from reviewing the transitional arrangements set out in this report and the future requirements for the combined Shared Service Centre. These will be considered in conjunction with the achievement of efficiencies already built into Directorate medium term financial plans.

The Deputy Chief Executive (Performance) and City Treasurer will work together to ensure all savings are correctly apportioned and built into the medium term financial plan agreed by the Executive.

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BACKGROUND

Report of the Chief Executive to Personnel Committee on 16 December 2009, "Personnel and Organisational Development: Assignment of post of Director of Human Resources".

WARDS AFFECTED

All

IMPLICATIONS FOR KEY COUNCIL POLICIES

Anti-Poverty	Equal Opportunities	Environment	Employment
Yes	Yes	Yes	Yes

1. INTRODUCTION

- 1.1 Following on from the Chief Executive's report to this Committee on 16 December 2009, which outlined the principles for the transformation for the HR and OD Services, this report provides the detail of how we can implement the agreed strategy. The report also outlines the future priorities and a proposed model for delivery which will deliver both significant cost savings and also the increased capability and skills needed to drive the people aspect of transformation.

2. BACKGROUND AND KEY CHALLENGES

- 2.1 The Medium Term Financial Plan agreed in March 2010 by the Executive outlines the challenging fiscal context within which the City Council is operating and the continued commitment to the vision and objectives for Manchester set out in the Community Strategy to promote economic growth and productivity and to enable Manchester people to contribute to and benefit from growth.
- 2.2 This challenging context creates opportunities to drive public service reform and the Council has been at the forefront of key national initiatives such as City Region and Total Place which aim to drive more co-ordinated and cost effective public services focused on 'place'. This is complemented by our internal Analysing to Improve Manchester (AIM) transformation programme which focuses on customers, neighbourhoods, efficiencies and people.
- 2.3 The budget and business planning process which shaped the Medium Term Financial Plan and the AIM programme has outlined the Council's move to a smaller leaner workforce over the next three years. This will be achieved through developing the skills of existing staff, greater flexibility and movement of people around the organisation, restricting external recruitment and reductions in overall staff numbers through natural turnover. A commitment to job security and an aim for no compulsory redundancies underpins this strategy.
- 2.4 Over the past year, the Council developed Business Plans for all services, together with target operating models for each Directorate and the cross-cutting programmes of the AIM programme and these now underpin the financial requirements of the Medium Term Financial Plan. The priority now is implementation. Successful implementation to deliver both the required cost savings across all functions and stronger impact on the priorities of the Community Strategy will involve significant changes for the Council's workforce. Some roles will no longer be required, some will change significantly and in many cases work will need to be done differently. Overall, the Council will need people with generic skills working to our shared values.
- 2.5 The transformation of Human Resources (HR) and Organisational Development (OD) has been accelerated because these services are critical in supporting the rest of the organisation to deliver the new business plans and the AIM programme. Alongside the transformation of the service, the existing redeployment process has also been prioritised for transformation to

enable the positive and assertive movement and development of staff across the organisation to deliver key priorities.

- 2.6 The Trade Unions will work alongside as partners in developing the various work streams that will enable the achievement of the stated objectives for the City.

3. PEOPLE MANAGEMENT AND DEVELOPMENT PRIORITIES

- 3.1 Until now HR and OD have been separate functions in the Council. We are not only bringing them together into one integrated function, we are transforming them into a service at the forefront of driving transformation and a service that supports Strategic Directorates to develop their people in order to have the skills and capacity to meet the Council's objectives.

- 3.2 The critical challenge over the next three years for the new integrated service will be to support the implementation of the transformation models for all of the Council's functions. This will require a focus on the following priorities:

- Strong articulation of the Council's values and embedding the values in the leadership, management and development of the workforce.
- Continued development of a leadership and management culture which supports ownership of people management issues by managers. Managers must manage people not HR.
- Active promotion of our growth strategies to reduce worklessness and support for young people through a variety of initiatives including the skills pledge and Future Jobs Fund.
- Improving services and 'transactions' in those areas which service managers have said quality of interventions are most critical, such as sickness absence, redeployment and organisational design to enable better outcomes.
- Developing new and flexible ways of working to support the Directorate of Transformation and Strategic Directors to deliver the AIM transformation programme.
- Development of further innovative approaches to internal deployment to enable movement across services and develop our skills and capacity to meet key priorities.
- Enhancement of our capacity to identify the skills we need for the future. The focus here is on workforce planning and stronger analysis of workforce trends.

- 3.3 Work has been ongoing across the Council with Directorate Management Teams to identify the key principles that will underpin the approach to developing existing staff and increasing the opportunities for people to move

around the organisation. This approach is referred to as 'M People' and is designed to deliver on the commitment to aim for no compulsory redundancies as the Council moves to a smaller more agile workforce through natural turn over the next three years. The principles detailed below have been developed by the Council's Strategic Management Team and the Wider Leadership Team.

M People Principles

- Concentration on developing our existing workforce – external recruitment will be restricted to exceptional circumstances and will be subject to corporate agreement
- Pace – the process has to have people moving around the organisation positively and quickly
- Progression paths must be clear from entry level jobs to senior positions. This is particularly important to our objective of helping to reduce worklessness – fulfilling our commitment to prioritise young people and Manchester residents.
- Evidence based – a strong body of intelligence of the skills we have now and the skills we will need for the target operating models. This will enable movements of staff be planned based on knowledge of where the surpluses and the shortages of skills are going to be and when.
- Creating demand for movement – through assertively moving people to new roles and creating spaces for others to move into, through appropriate use of Voluntary Early Retirement (within existing rules) and through restricting external recruitment including temporary and interim appointments.
- Managers dealing effectively with poor performance so that poor performers are managed, not restructured out to another part of the Council.
- Pull not push – the purpose of M people will be to enable services to pull in people with the skills needed rather than push away people not required, which is a feature of the old redeployment system.
- Incentive based – Strategic Directors and Heads of Service are accountable for the delivery of the improvement and efficiencies within their business plans and target operating models. The M People process will be the only means by which they can draw in the skills they need and move people within the organisation. This will encourage positive and reciprocal behaviour allowing people to move positively between services.
- All staff on M People pathways. A pathway is a way of describing the journey an employee is on eg matched to a new role in a new structure, on a supported placement with a view to a permanent move, on a full time training programme to change career direction or leaving the Council. M People will not be confined to services currently subject to redesign. Staff in parts of the

Council not currently changing will be able to apply to opt into a pathway (eg supported placement) thus creating more spaces for others to be moved into.

- 3.4 M People will provide greater support to individuals as they experience change. To help deliver this, 66 staff from across the Council are being trained to act as Career Coaches, providing individual support to those experiencing change. Preparation for change workshops will be delivered to provide advice and help staff focus on the support available and the development of their personal skills. Components of this new approach are currently being trialled with staff within the existing redeployment process and the HR and OD integration will form the first complete pilot.
- 3.5 Piloting M People with the HR and OD integration will enable lessons learnt to be incorporated before the approach goes live across Council in October 2010. There is an ongoing dialogue with the Trade Unions as the M People approach is developed and further discussions will take place with regard to the practicalities of detailed implementation.
- 3.6 As part of the M People process, when services undergo transformation in line with the AIM programme, a skills audit will be undertaken and all staff will receive a personalised development plan. Information from the skills audits will give us greater knowledge of the skills, development requirements and aspirations across the Council which will then facilitate easier movement of staff. The personalised development plans will be an integral part of future appraisals and a key planning document for staff and their managers.
- 3.7 This approach will be underpinned by:-
 - a) A Council-wide Competency Framework based on the Council's values describing the generic skills and behaviours (supplemented by technical and specialist competencies) required by the workforce.
 - b) The creation of Council-wide job families to complement the Competency Framework through grouping technical and specialist competencies. This will align skills both horizontally and vertically and provide development routes and pathways for individuals.
 - c) A simplified Capability Procedure to deal with poor performance and facilitate earlier and clearer conclusions.
 - d) The adoption of a generic flexibility clause for inclusion in all Contracts of Employment to support the flexible movement of employees across job roles and enable access to a range of employment opportunities.
 - e) A review and revision of the existing approach to job evaluation to ensure that this is compatible with and complements the future approach to developing generic competencies and job families. A joint working group with the Trade Unions will be established to take this work forward and to develop more detailed proposals for early adoption.

4. PROPOSED MODEL

- 4.1 The priorities set out above, particularly the M People process, will require the transformation of HR and OD in line with the model design outlined by the Chief Executive in his report to this Committee on 16 December 2009.
- 4.2 The model has been developed by a Task and Finish Group chaired by the Chief Executive and in consultation with a panel of Executive Members. The structure is based upon the widely respected 'Ulrich Model'. This comprises:-
- Strategic Business Partner roles – These are critical roles. They will support Directorates to deliver their transformation strategies through improving the people management practices working with Heads of Service, delivery of organisational development activity, workforce planning and skills development. The Strategic Business Partners will perform a dual role as part of the Directorate Management Team and of the Corporate HR/OD Service to connect the development and deployment of people to the delivery of the Council's priorities.
 - Shared Services for transactional functions such as the procurement of training, the processing of recruitment administration, organisational management and personnel administration (i.e. updating of records and structures on SAP supporting payroll administration). This service links into and provides an evidence base for the HR/OD Service Delivery.
 - A smaller core of HR/OD Strategy. This will provide professional expertise (e.g. pay and reward, talent development and management, employee and Trade Union relations and the functions relating to employment law, Criminal Records Bureau checks, grading and discipline).
- 4.3 The adoption and implementation of the Ulrich Business Partner Model will bring significant benefits to the organisation in terms of a much stronger alignment of HR/OD activities with the Council's priorities and the needs of services. This model will ensure that the HR/OD Service are able to work across the Council through linking the cross cutting priorities, transformation and business plans of Directorates as well as enabling good management practice within services. This approach will support the adoption of a flatter management structure between the Assistant Chief Executive and the front line. This is entirely consistent with the broader principles that will be followed in developing new structures in other services as the transformation agenda is rolled out.
- 4.4 Supported by the HR/OD strategy function and Shared Services for transactional functions, Strategic Business Partners will be engaged with and accountable to the Strategic Directors, enabling managers to secure the support they require and to make decisions confidently in the best interests of the business. Strategic Business Partners will make a vital contribution by helping Strategic Directors achieve their objectives, whilst also shaping the strategies of the corporate HR/OD function.

- 4.5 The City Treasurer will be responsible for management of all back office Shared Services within the Council and is currently developing proposals for integrating the current Finance, Personnel and OD Shared Service Centres into a single integrated management unit. The City Treasurer will bring further proposals regarding these proposed arrangements to this Committee for consideration in the near future.
- 4.6 Later sections of this report outline a number of existing service functions that, through a transitional management approach, may potentially move such as into the Shared Services area. These service functions do however require further research and analysis to determine the best option and this will be addressed in the forthcoming report of the City Treasurer referred to above.

5. STRUCTURE PROPOSALS

- 5.1 The detailed structure proposals that are being developed will result in a substantial reduction in the number of posts within the integrated service, together with a significant number of posts proposed for transfer to the Shared Service Centre on a phased basis. Detailed proposals in this regard will be subject to formal consultation with the Trade Unions and approval of final structures and detailed implementation arrangements will be progressed under the delegated authority sought in the recommendations of this report. Senior management posts proposed for the new structure are as follows:

Assistant Chief Executive (People).

Head of HR/OD Service Delivery and Strategic Business Partner (Corporate).

Head of HR/OD Strategy.

3 x Strategic Business Partners (Neighbourhoods, Adult Services, Children's Services)

Remaining posts in the new structure will be subject to job evaluation.

- 5.2 At its meeting on 16 December 2009 this Committee approved the creation of the post of Director of Human Resources to lead the new integrated HR/OD function. The Committee also granted delegated authority to the Chief Executive to set up and convene an appointment panel, including elected members, to progress all aspects of the recruitment of the post and approve the salary for the post in consultation with the panel. A recruitment exercise was undertaken which did not result in an appointment. Further advice on recruitment to the post was sought from external independent experts in HR/OD resourcing which stated that there is a limited market for strategic and specialist skill mix in this profession.
- 5.3 The Appointment Panel for the post of Director of Human Resources has agreed, upon the recommendation of the Chief Executive, that the current Assistant Chief Executive (Performance) is appointed to a new post of

Assistant Chief Executive (People). Reporting to this post will be a Head of HR/OD Service Delivery and Strategic Business Partner (Corporate) post which will provide technical and professional advice in support of the Assistant Chief Executive (People) and the Council. The role of HR/OD Service Delivery and Strategic Business Partner (Corporate) will replace the current role of Head of Personnel with the existing post holder being appointed into the new role.

- 5.4 The Chief Executive, having tested the open market, is satisfied that the current Assistant Chief Executive (Performance) is best placed to lead the portfolio for People, a view supported by the Appointment Panel. The Assistant Chief Executive will be supported by the existing Head of Personnel and this builds upon existing skills within the Council. This theme will be permeated through the rest of the senior structure given the scarcity of skills within the wider market place at salary levels which are considered reasonable. It will also deliver significant organisational benefits going forward.
- 5.5 The Appointment Panel have agreed with this recommendation and the new Assistant Chief Executive (People) has taken up post with immediate effect and will have overall responsibility for the integrated human resources and organisational management functions. The Assistant Chief Executive (People) will be line manager for the new integrated management structures for the new service which is recommended below. The role of Assistant Chief Executive (Performance) is currently being recruited to.
- 5.6 Strategic Business Partners (Proposed salary: circa £65,000)
- 5.6.1 The Strategic Business Partners provide the focused senior level strategic HR/OD role for Directorates to support delivery of their transformation strategies and ensure that people are effectively developed and deployed to meet the Council's priorities. Working alongside Strategic Directors and their Directorate Management Teams, the role will support the shaping of their business objectives and the delivery of these through the effective development and deployment of people.
- 5.6.2 The Strategic Business Partners will be supported by a dedicated Assistant Business Partners, who will not only provide additional capacity, coverage and visibility to the Directorate but also provide a development and growth opportunity for experienced staff to progress into a customer facing, strategic role.
- 5.6.3 The Strategic Business Partners will play a lead role in commissioning services and support from across the HR/OD Service. One of the Business Partner roles will be merged with the Head of HR/OD Service Delivery to ensure an alignment between the strategic business partner input into Directorates and the operational HR/OD Service. The Strategic Business Partners will be subject to rotation across Directorates to enable a rounded view of the organisation and reinforce consistency of practice.

5.7 Our research of the HR/OD recruitment market has shown that individuals with the talent we need for the Business Partners roles are very unlikely to be available at a price the Council can afford and the M People principles would lead us to want to recruit internally if at all possible. However, these are new roles, requiring a new combination of skills including excellent relationship management skills, HR/OD consultancy skills and the ability to understand and contribute to work with Heads of Service as part of Directorate Management Teams. We will, therefore, need to appoint to these roles on a supported placement or secondment basis with tailored programmes to support the person's transition into the new role.

5.8 Head of HR/OD Strategy (proposed salary: circa £65,000)

5.8.1 The Head of HR/OD Strategy will lead a team of HR/OD professionals who will provide in-depth knowledge and expertise on the formulation of policy and the development of strategy. The specialist teams will drive forward the development of the People Strategy and associated policy outcomes. They will carry out research and development activity into areas of excellent HR/OD practice to support policy and strategy development and work closely with the HR/OD Service Delivery team to translate policy and strategy into delivery. This post will work closely with the Director of Communications in relation to internal communications and staff engagement. The three proposed specialist teams are:

- Design and Reward – focusing on organisational change, Job Evaluation, pay and reward strategies and structural support.
- Resourcing and Development – looking at the approach to workforce planning and skills, recruitment strategy, leadership development and engagement.
- M People – delivery of the M People approach and ensuring corporate ownership of and total commitment to the operating principles and spirit of the process.

5.9 Head of HR/OD Service Delivery (proposed salary: £85,257)

5.9.1 The Service Delivery function will be led by a Head of HR/OD Service Delivery and will comprise of HR/OD professionals who will provide Directorate focused service delivery teams to support managers and departments in local HR/OD activities and engagement with the trade unions. The Service Delivery teams, comprising of a Team Leader and a number of Service Delivery Officers, will support all operational activity beyond transactional services. This will incorporate technical personnel management support and operational learning and development advice for managers. The Service Delivery Teams will have access to the knowledge and strategic expertise within the HR/OD Strategy function.

- 5.9.2 A new employee relations team will be formed to ensure that all personnel policy and practice is grounded in sound deployment law principles. This team will also play a key role in developing and fostering a positive employee relations climate across the council by working in close partnership with the recognised trade unions and ensuring that the Council discharges all of its statutory obligations in progressing the transformation agenda
- 5.9.3 The role and scale of the Service Delivery function will change over the first three years of the new HR/OD service. This change process will be driven by improving the overall quality of management across the Council. Managers will manage people, not HR. This will then facilitate a reduction in the level of detailed support from the HR/OD Delivery function. The development of the Shared Service Centre will also help us achieve this change by improving the quality and consistency of the basic HR/OD process which managers use. This will include bespoke helpdesk facilities, staff self-service options and improved access for managers to high quality intranet based guidance, tools and information.
- 5.9.4 The Agency Client Group and Manchester Temps will also form part of the Service Delivery function and be subject to potential transition into the Shared Service Centre within the first three years of the new integrated HR/OD service. It can be expected that this function will also reduce in size over the next three years as the quality of management improves at the front line and the new model becomes effective.
- 5.9.5 The Head of HR/OD Service Delivery role will be combined with that of the Business Partner for the Corporate Services and Chief Executive's Directorate to ensure that there is synergy between strategy, policy and delivery.
- 5.10 Outline structure charts for the proposed revised responsibilities are set out at Appendices 1 to 4.

6. TRANSITIONAL ARRANGEMENTS

- 6.1 Aspects of the proposed structure are subject to transitional arrangements with full implementation over the next 18 months. Key transitional areas include HR/OD Service Delivery and Team Leaders, delivery of the job evaluation programme, Agency Client Group and Manchester Temps functions and link roles within the HR/OD Strategy function in relation to recruitment, well-being and research and intelligence.
- 6.2 The need for transitional arrangements is partly a reflection of the scale of the transformation and the complexity of creating the new services without compromising service delivery. It also reflects the need for further detailed work to determine the future of some specific functions (see Section 7 below).

- 6.3 The Service Delivery function will reduce as the quality and consistency of basic processes and transactional services improves once the Shared Service Centre becomes fully operational and the quality of management practice across the Council improves. The scale and speed of this will have to be judged and carefully managed once the initial structure and the Shared Service Centre are in place.
- 6.4 A further reason for transitional arrangements is, consistent with the M People principles, to support internal recruitment to the new service so far as possible. Also, as indicated in 5.7 above, research of the HR/OD recruitment market has shown that individuals with the talent we need for roles such as the Strategic Business Partners are unlikely to be available. It is therefore intended to appoint to some senior roles on a supported placement or secondment basis with tailored programmes to support the person's transition into the new role.

7. TRANSFER OF FUNCTIONS TO OTHER PARTS OF THE COUNCIL

- 7.1 Following a detailed process of function mapping from the existing Personnel and OD Services to the new integrated service, there are a number of potential options for the transfer of functions to more appropriate management arrangements. The transitional approach gives the opportunity to fully explore these, and other, options to enable the most appropriate solution to be reached.
- **Training Delivery.** We will explore an option to locate a dedicated team of trainers within the Shared Service Centre. There is a further option to look at this in collaboration with public sector partners with a view to creating a joint training delivery unit administered from the Shared Service Centre during 2010/11.
 - **Occupational Health.** Subject to Members approving proposals to outsource responsibility for professional occupational health services set out elsewhere on this agenda, it will be necessary to retain a "client side" capacity to ensure this contract is properly managed and is effective in supporting improvements in employee health and well-being. It is proposed that this function be discharged from the proposed Employee Relations Team in the short term pending consideration of alternative management arrangements in the long term.
 - **Agency Client Group and Manchester Temps.** We will explore the option of the administration of temporary and contract resource, linking in to the M People team, being placed within the Shared Service Centre by 2013.
 - **Workforce research and intelligence, including management reporting.** There are options to be considered as part of the cross cutting AIM transformation strand relating to research, intelligence, policy and strategy.

- **Health and Safety.** It is proposed that the health and safety service will transfer to the line management of the Head of Audit and Risk Management. This will ensure that the Council is able to discharge all of its statutory health and safety responsibilities, which include those to service users and other agents of the Council, from a single source. However responsibility for broader aspects of employee well-being will reside in the HR/OD Service Delivery function under the day to day responsibility of the Employee Relations Team.

7.2 Additionally the City Treasurer is working with the Director of Transformation on a review of operational arrangements in the current Shared Service Centres for Finance and Personnel. This review is being progressed as a priority to ensure that working arrangements are re-engineered to ensure optimum efficiency. Once more detailed proposals for the integration of the existing Shared Service Centres are developed these will be subject to consultation with staff and trade unions. Any proposals to amend existing structures will be agreed with Members prior to detailed implementation.

8. PROPOSED IMPLEMENTATION ARRANGEMENTS

8.1 Subject to the Committee endorsing the direction of travel and key priorities set out in this report appointments will be progressed to the proposed senior posts in the new integrated structure using the principles of the M:People pathway.

8.2 It is requested that delegated authority is granted to the Deputy Chief Executive (Performance), acting in consultation with the Chief Executive, the City Treasurer, the Leader of the Council and the Executive Member for Finance and Human Resources, to develop the remainder of the structure in line with the principles set out in this report. These remaining posts will be subject to job evaluation and appointments to these posts will again be progressed in line with the M:People approach.

8.3 Any existing HR/OD staff who do not secure posts in the new structure will be supported to find suitable alternative appointments under the M:People approach, which may include securing employment with partner organisations.

9. CONCLUSION

9.1 The Deputy Chief Executive (Performance) and City Treasurer believe that the proposals for M:People as a new approach to the development and deployment of skills and the structure proposals set out in this report will enable the Council to continue the development and implementation of a radical and progressive human resources management and organisational development agenda. The approach set out in this report will support the empowerment of managers and create a basis for the Council to develop the leaders and skills that will be required for future successful delivery of services and lasting transformational change.

10. COMMENTS FROM THE TRADE UNIONS

10.1 Introduction

It is clear that Manchester City Council, along with other local authorities, will see a reduction in funding on an unprecedented scale over the next 3 years. We are aware that estimates on projected cuts in funding are in the region of £70M - £100M over the next 3 years. Other local authorities have already decided that they intend to deal with this enormous challenge by announcing compulsory redundancies. Indeed, Birmingham City Council intends to make over 2,000 compulsory redundancies to deal with a similar scale of budget reductions.

In this context, the joint trade unions greatly welcome the ongoing commitment to working towards avoiding compulsory redundancies, and we want to work in partnership with the Council to achieve this.

10.2 HR & OD Integration

We believe that previous arrangements for HR and OD, as separate functions based in different directorates, has not maximised the potential for joined up working between the two services and we agree that integration of these functions will strengthen the capacity, skills and organisation of this service.

10.3 M People Principles

The trade unions understand that if we are to meet our aim of avoiding compulsory redundancies and maintaining as many jobs as possible, then greater flexibility will be required of the workforce. Whilst we would not wish to underestimate how challenging this will be, we are encouraged by the emphasis on developing the existing workforce through investing in skills that is contained within the developing M People principles.

We further welcome the ongoing work in developing career progression pathways and the approach to future recruitment set out in the report. We also believe that work is being progressed to reduce the Council's reliance on consultants and agency staff and this too is supported by the trade unions.

The trade unions welcome the opportunity to engage in ongoing dialogue to develop these principles and the very strong indication that we will be genuine partners in developing the approach.

10.4 New Structure and Transitional Arrangements

The trade unions understand that the new proposed structure is being finalised and will be presented to the trade unions in the near future for formal consultation. As the report states that the reduction in posts in the new structure will be "substantial" we do not expect that this process will be easy or straightforward. The trade unions believe that the greater levels of support for displaced employees set out in the developing M People principles will be essential. We also agree that the transition arrangements set out in the report

take account of the complexity of creating and implementing the structure for the new service.

10.5 Conclusion

The trade unions are under no illusion - the next few years will be extremely difficult and challenging. However, we believe that the approach being developed is essentially the right one. We must all work together to avoid compulsory redundancies, transform services and support our existing workforce. It is essential to the success of the transformation that the trade unions are at the heart of this process and are fully involved as genuine partners in this ongoing work.

Tony Caffery
Branch Secretary
UNISON

Simon Walsh
Branch Secretary
GMB

Jimmy Thornton
Branch Secretary
Unite

11. IMPLICATIONS FOR KEY COUNCIL POLICIES

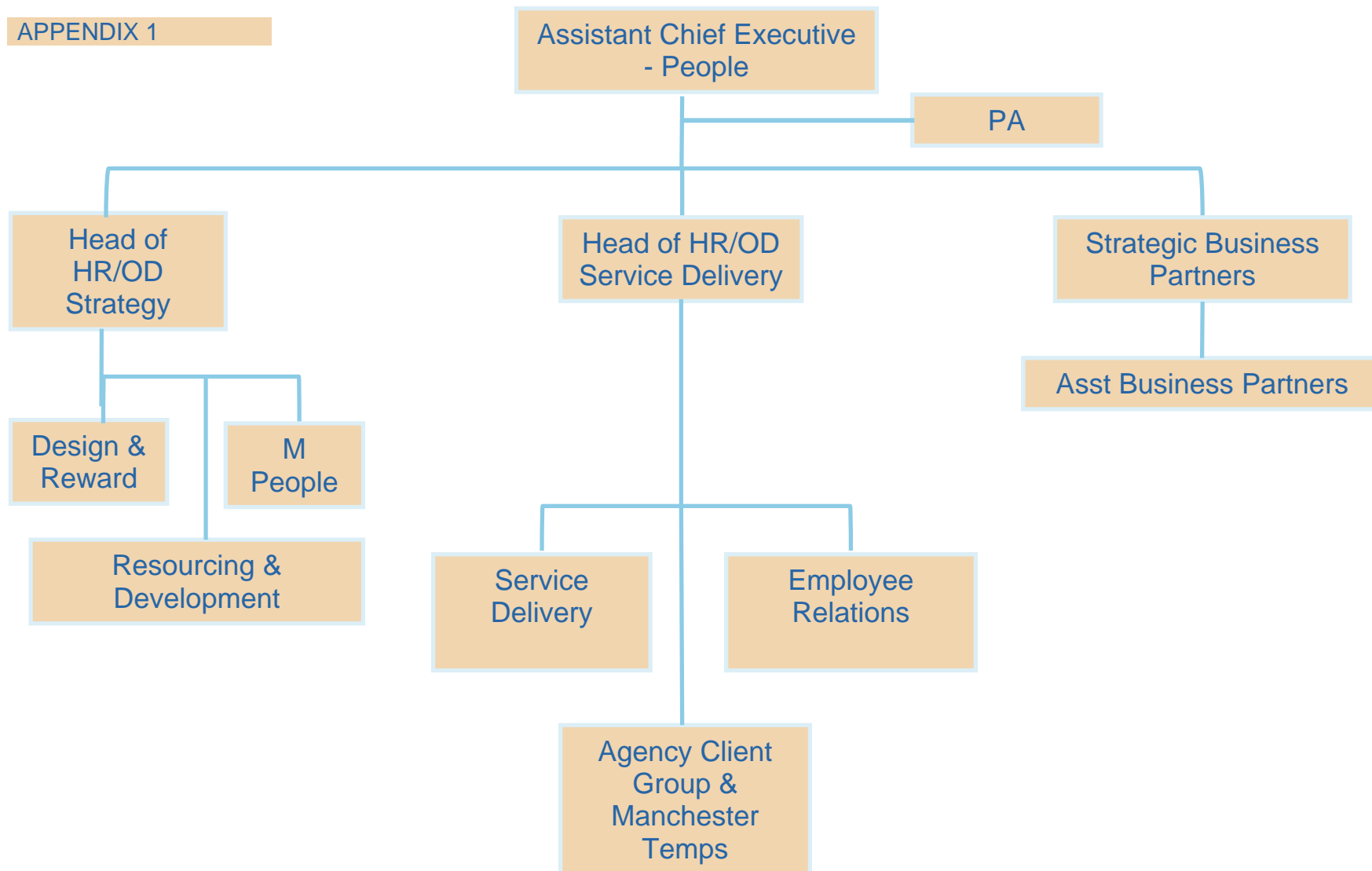
- 11.1 The proposals set out in this report will create a greater focus on creating employment opportunities for Manchester residents and supporting Strategic Directorates and public service partners to make better and more effective use of people. These proposals therefore support all key Council policies.

ATTACHED AS APPENDICES

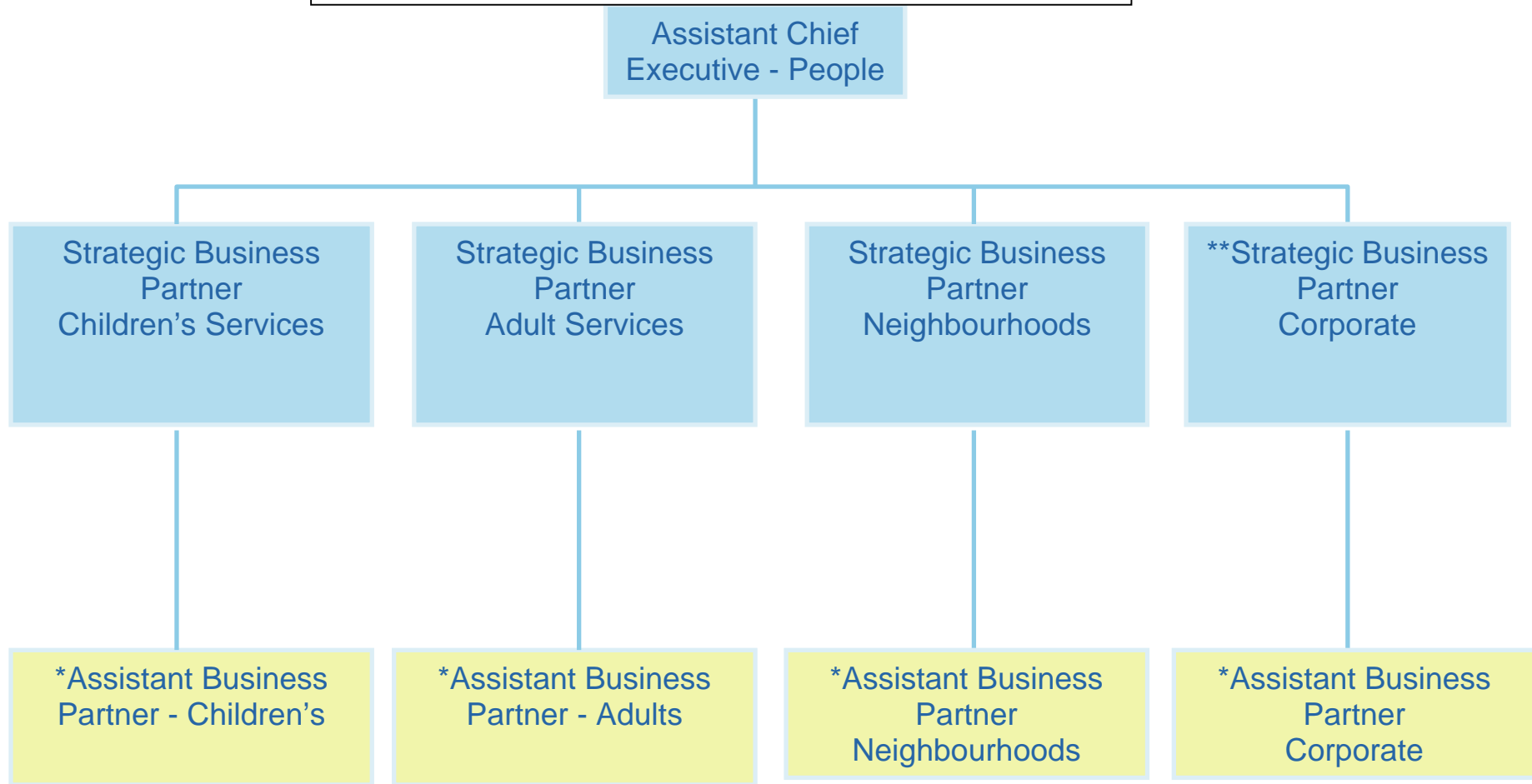
1. Overview of Proposed management structure
2. Strategic Business Partners: Proposed Structure
3. HR/OD Strategy: Proposed Structure
4. HR/OD Service Delivery: Proposed Structure

HR/OD SERVICE – OVERVIEW OF PROPOSED MANAGEMENT STRUCTURE

APPENDIX 1



STRATEGIC BUSINESS PARTNERS: PROPOSED STRUCTURE



* Indicates transitional role until Sept 2013

** Merged with Head of HR/OD Service Delivery

HR/OD STRATEGY: PROPOSED STRUCTURE

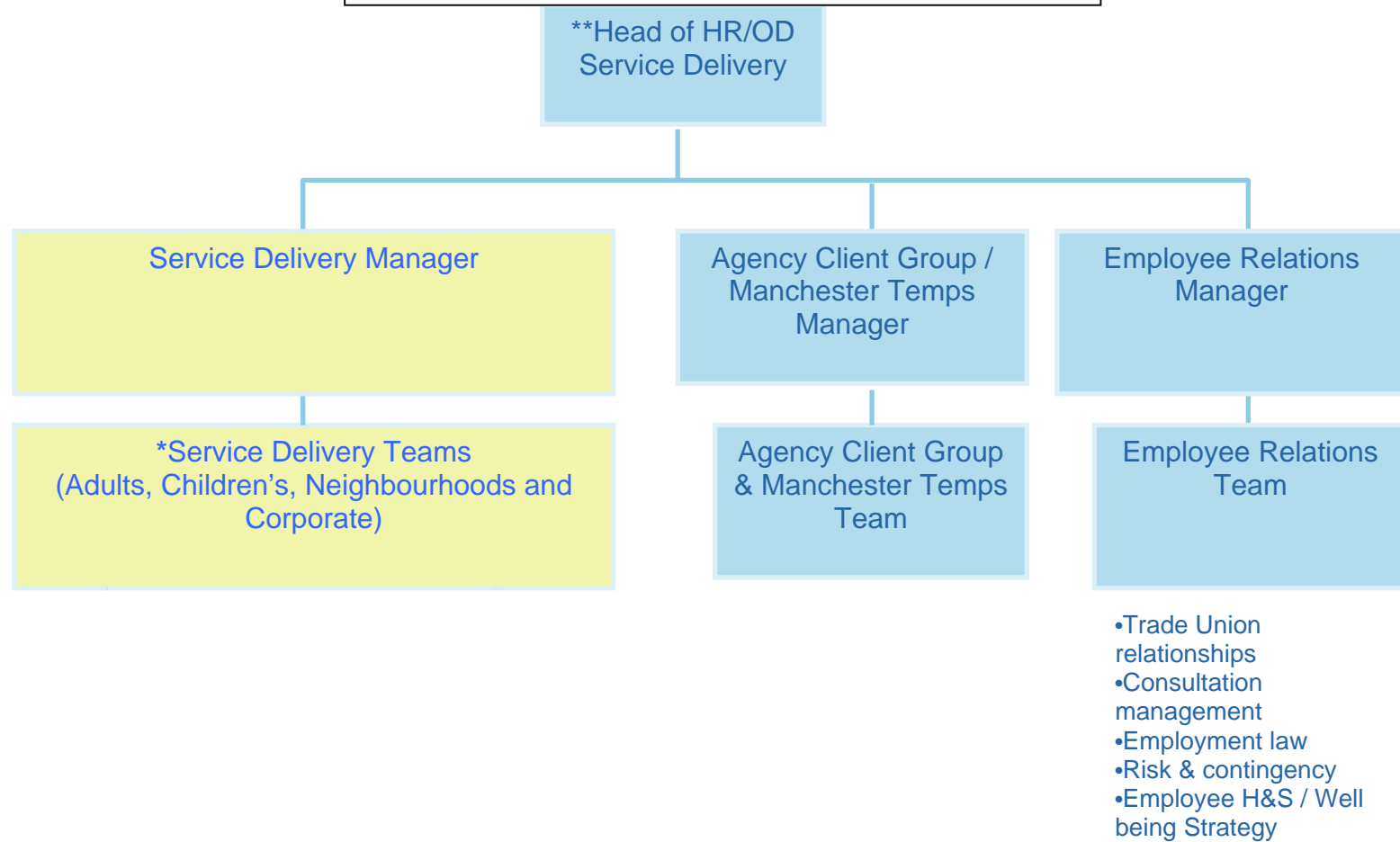


- Organisational development/ design and BPR
- JE management & strategy
- Total Reward and recognition – strategy, policy & concepts
- Organisational change management

- Workforce planning
- Equal Opportunities
- Skills management
- Worklessness
- Leadership development
- Management development
- R&I
- Strategy for Resourcing
- Staff groups
- Engagement planning
- Partnerships & diversity

- Talent Mapping – matching placement
- External/Partners link
- Outplacement

HR SERVICE DELIVERY: PROPOSED STRUCTURE



**Merged with Strategic Business Partner - Corporate