

Report to: Lead Member for Resources

Date of meeting: 30 March 2021

By: Chief Operating Officer

Title: Human Resources & Organisational Development (HR&OD) Shared Service Review

Purpose: To inform the Lead Member of the recent review of the East Sussex County Council Human Resources & Organisational Development Shared Service and seek his endorsement to the outcomes

RECOMMENDATIONS

The Lead Member is recommended to agree:

- 1. The withdrawal of the Human Resources and Organisational Development function from the Orbis Partnership;**
 - 2. That the Terms of reference of the Orbis Joint Committee be amended to reflect recommendation 1, and;**
 - 3. That authority be delegated to the Chief Operating Officer in consultation with the Assistant Chief Executive to take any actions considered necessary to give effect to and in consequence of the recommendations above including, but not limited to, making amendments to the Inter Authority Agreement.**
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1. Background

1.1 The East Sussex County Council (ESCC) Human Resources & Organisational Development (HR&OD) Service has been delivered within the Orbis partnership since the partnership was established in 2015. The Orbis partnership is an evolving vehicle for delivering services to the Council. The partnership, and the services which fall within it, are kept under regular review to ensure that the arrangements are fit for purpose and optimise value for money.

1.2 Originally incorporating all three partner Councils' HR&OD Teams, Surrey County Council withdrew their HR&OD Service in 2018 to enable the service to provide the focussed support needed to the significant transformation programme they had embarked upon. Since then, the ESCC and Brighton & Hove City Council (BHCC) HR&OD Services have continued to be delivered through the partnership. In order to deliver further savings of £450,000 p.a. as part of the medium-term financial plans covering the period 2019/20 to 2021/22, a number of integrated posts were established within the structure during 2018 and 2019.

1.3 There are now 15 such integrated posts, including the four Heads of Service. The expectation of these posts when established was that they would operate on the basis of a 50/50 split between the two Councils. To ensure that the current arrangement meets the requirements of ESCC going forward, and that it delivers value for money against ESCC's financial contribution, a review of the shared service arrangement was commissioned by the Chief Executive.

2. Supporting Information

2.1 The review was undertaken between October and December 2020. Attached at Appendix 1 is a summary of the review findings. The review concluded that going forward, the shared service arrangement did not meet ESCC's strategic development requirements or achieve value for money. The recommendation therefore was the withdrawal of the ESCC HR&OD Team from the shared service.

Financial Implications

2.2 Affordability was one of the key considerations of the review and financial modelling has been undertaken to assess the additional cost to ESCC of withdrawal.

2.3 The additional cost of putting in place a sovereign HR&OD structure is approximately £70k p.a. This needs to be considered in the context of the £450,000 p.a. savings achieved from the shared HR&OD service from 2019/20 onwards, as well as the approximate £500k p.a. savings delivered by the sovereign ESCC HR&OD Team in the 3 years prior to 2019/20.

2.4 For 2021/22, the Business Services Department will seek to manage the pressure arising in the HR&OD Service from within the overall budget. The on-going cost for 2022/23 onwards will be considered as part of the overall RPPR process as the MTFP is developed for future years.

Implementation

2.5 Discussions with BHCC have taken place and an agreed approach to the disaggregation of the shared service arrangement reached. Service resilience and stability for both Councils are key considerations and we are therefore working jointly to ensure an orderly and smooth transition to new sovereign arrangements. To that end, it has been agreed that there will be a period of transition between March to June 2021 with new sovereign HR&OD structures being established in both ESCC and BHCC from 1 July 2021.

3. Conclusion and Recommendations

3.1 The review of the HR&OD Shared Service has concluded that the current model does not meet East Sussex County Council's strategic development requirements or provide value for money for ESCC and as such, the ESCC HR&OD Service should be withdrawn from the Shared Service arrangement.

3.2 Set against this background, the Lead Member for Resources is recommended to agree to the withdrawal of the HR & OD function from the Orbis partnership, and to delegate authority to undertake the actions needed to achieve this outcome or in consequence of it.

PHIL HALL
Chief Operating Officer

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LOCAL MEMBERS: All

BACKGROUND DOCUMENTS: None