

Report to: Personnel Committee



Date of Meeting 02 September 2021

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Exemption applied: None

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Implementation of proposed independent review of EDDC Management Structure and workforce/HR priorities

Report summary:

This matter was reported to Cabinet on the 3rd Feb 2021 and a £25,000 budget for the proposed work was subsequently approved by Council. This report makes recommendations for taking the matter forward.

The report to Cabinet can be found here at Page 95: [\(Public Pack\)Agenda Document for Cabinet, 03/02/2021 18:00 \(eastdevon.gov.uk\)](#)

Since the Cabinet report was written Council has resolved to establish this Personnel Committee which has superseded the original proposed member working group. A Human Resources Manager has also recently been appointed.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

1. That the Personnel Committee agrees to prioritise an independent review of the pay and grading structure and rates of pay to ensure that the Council achieves its vision and values to seek continuous improvement and to recognise the pressure on resources, alongside its aspiration to be a median pay employer and to mitigate against current and significant recruitment and retention issues, with the independent review of the management structure then commissioned to be undertaken following this.
2. That external resources to undertake the review are sourced via a Central Professional Services Procurement Framework.
3. That the Personnel Committee approves the proposed written specification and evaluation criteria set out in this report.
4. In order for the Council's commitment to transparency to be clearly demonstrated and to avoid 'behind the scenes' lobbying, all correspondence from Councillors with the successful bidder will be disclosed to the Committee.
5. That the Personnel Committee agrees to the other HR priorities recommended in this report, which also aim to secure continuous improvement, enable the Council to adapt to new ways of working and mitigate against resource pressures and current workforce challenges.

Reason for recommendation:

As it is now proposed to undertake a number of necessary preparatory steps in preparation of the independent management review it would be appropriate to now use the currently allocated budget of £25,000 to undertake these first steps through the reward review with the budget for the subsequent management review to be finalised in due course.

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Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk; Mainly connected with staff morale and possible unrealistic expectations raised by the review. Failure to undertake work to mitigate current recruitment and retention challenges is also likely to impact on staff morale, performance and service delivery.

Links to background information ([Public Pack](#))[Agenda Document for Cabinet, 03/02/2021 18:00 \(eastdevon.gov.uk\)](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
 - Outstanding Homes and Communities
 - Outstanding Economic Growth, Productivity, and Prosperity
 - Outstanding Council and Council Services
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Report in full

1 Introduction

- 1.1 The report to Cabinet for the 3rd February 2021 sets out the background to this matter. An independent review of the management structure has been requested by Members and it was agreed that further work should be undertaken to scope the remit of the work and determine how it would be externally sourced. Considering the Council's current workforce challenges (including recruitment and retention issues, new ways of working through the pandemic and staff wellbeing), a management pay review (as part of a wider review of pay in the Council), succession planning and leadership and management development were considered for inclusion in the independent review. However, following discussions with

potential procurement frameworks, it is evident that the costs of a review based on the original specification would be in significant excess of the £25k allocated budget and therefore it is necessary to consider whether the scope of the review should be narrowed or the budget increased. This report therefore proposes a revision to the original remit, taking account of the Council Plan Vision and Values and the current workforce challenges, which also aims to remain within the agreed budget.

2 Current Workforce Challenges and Proposed Priorities

- 2.1 The new HR Manager has commenced discussions with Members and managers and has reviewed staff surveys (from 2015-2021) and workforce data. This indicates that the following are current workforce themes that require prioritisation and will enable the Council to seek continuous improvement as a high performing organisation and adapt to new ways of working whilst mitigating against resource pressures:
 - 2.1.1 Ensuring that workforce capacity meets service demand, within budgetary constraints.
 - 2.1.2 Overcoming significant recruitment challenges, with shortages in a range of roles, which exacerbates workforce capacity issues.
 - 2.1.3 Establishing more robust succession planning arrangements in light of the Council's age profile and recruitment challenges, particularly with regard to senior management and other key roles.
 - 2.1.4 Learning from the 'Worksmart' introduction following the 2019 office relocation and new ways of working through the pandemic to clarify and embed longer term working arrangements which support service delivery, high performance, recruitment and retention.
 - 2.1.5 Continuing to support managers and staff to deal with service demands and new ways of working, including effective communication of the Council Plan (once agreed) and links to service, team and individual performance and contribution and ensuring that we continue to support staff health, safety and wellbeing and reduce absence rates.
 - 2.1.6 Ensuring that we maintain and build upon the generally positive employee and trade union relations environment to support high performance, recruitment and retention, including retaining our Platinum Investors in People (IIP) accreditation.
- 2.2 To address the above challenges, it is therefore proposed that the following HR interventions are prioritised:
 - 2.2.1 An independent reward strategy review, to determine whether changes need to be made to the pay and grading structure and rates of pay to ensure that the Council achieves its aspiration to be a median pay employer and to mitigate against current recruitment and retention issues. Using external support would enable the Council to access independent reward specialists with extensive pay benchmarking data and expertise to develop costed recommendations that also take account of the current economic situation and the Council's budgetary position. An internal HR-led review of the overall employment package, particularly staff benefits, is also recommended to determine whether further improvements could be made, which could also support wider strategic priorities (e.g. climate change).

- 2.2.2 Recruitment strategy review, to assess whether actions could be taken to strengthen the Council's employer brand and to open up potential new talent sources which could also support the Council's wider economic development, equality, diversity and inclusion and anti-poverty strategies. With certain key posts likely to require recruitment over the next few years and particular service areas where there are known skills shortages, this work will also involve specific attraction strategies for those roles. This would be led by HR, with support from the Council's existing recruitment advertising agency.
 - 2.2.3 Development of a more structured and wide ranging 'grow our own' strategy to develop existing talent and recruit new staff, led by HR. This is likely to help reduce our existing recruitment and retention challenges and support succession planning. This would include introducing career pathways supported by targeted learning and development opportunities and reviewing the Council's existing use of apprenticeships and other mechanisms.
 - 2.2.4 A review of Worksmart, informed by learning to date on new ways of working, to determine whether any changes are needed to policy and practice to support post pandemic working arrangements. It is proposed that this work would be undertaken jointly between HR, Estates, ICT, Health and Safety and Finance, informed by staff and service area feedback.
 - 2.2.5 An independent review of the management structure to support organisational change, succession planning and future ways of working. This review would also consider the job design of management roles and the knowledge, skills and behaviours required. This work could also be informed by feedback from the East of England LGA's Member/officer work, with the potential to identify and address common themes for Member and officer development.
 - 2.2.6 Review the existing staff wellbeing and training offer informed by learning from new ways of working, staff surveys, the wellbeing audit and the Council's commitment to improve mental health and wellbeing.
 - 2.2.7 Work with SMT+ and the Communications Team to ensure the effective dissemination of the Council Plan to staff and appropriate alignment of the Council's performance management and learning and development mechanisms.
 - 2.2.8 Take actions to prepare for liP reaccreditation in January 2023.
- 2.3 It is recognised that the above differs from the original proposal, but taking this action now would help to mitigate against the current recruitment challenges. It is also recognised that staff expectations regarding any reward review would need to be managed, which would be undertaken through the Council's internal communication mechanisms.
- 2.4 The February 2021 report to Cabinet refers to the need for a written specification and evaluation criteria and the following sections of this report address these two requirements, albeit with a revised focus on the reward review as outlined above. Following further exploration of potential procurement methods, the report also outlines a proposed approach, should the revised specification be agreed. The draft specification for the independent management review will be presented to Personnel Committee at a later date.

3 Proposed Written Specification

- 3.1 There are a number of relevant considerations that the Council will wish to make potential tenderers aware of and it is important that the written specification provides as much detail so that a proposal can be prepared and so as to address the Council's requirements. In this respect, the Council's recent history and its ambitions will inform a wider understanding of what is sought. Members will be familiar with a number of the documents referred to but some are inevitably reflective of work in progress. The most relevant documents are considered to

be the draft Council Plan and Priority/Council Plan Action Spreadsheet, the Council's most recent peer review and liP accreditation report, staff survey findings (including information in the report to Scrutiny for 4th March re Staff Morale), the current pay and grading structure and related policy and relevant people data (e.g. turnover rates).

3.2. Based on the above the following is proposed as the draft Written Specification:

'The Council is seeking to appoint an organisation with the required skills to review the existing pay and grading arrangements and deliver a report which includes clear costed recommendations to ensure the Council has in place an appropriate pay structure and pay rates which meets its aspirations to be a median pay employer whilst remaining competitive in the employment market (whilst being mindful of the current economic position) and ensuring effective recruitment, retention and ongoing delivery of the Council's statutory and other service responsibilities. It is expected that the organisation will attend a meeting to discuss the report's findings and recommendations.

EDDC has a strong track record of excellent service delivery across a range of statutory and discretionary service areas (ref Peer Review) and has endeavoured to perform as an organisation to the highest standards (ref liP accreditation). Following the most recent set of district council elections (May 2019) the Council is increasingly supportive of an approach that is more policy based and directed towards the achievement of broader political ambitions. This is evidenced, for example by its Climate Change Emergency Declaration, the recent adoption of a Poverty Strategy, a focus on mental health, community and voluntary groups, Team Devon, a desire for new build council homes, tourism and culture, greater involvement in leisure, as well as public health considerations (ref draft Council Plan and Action Spreadsheet). Officer capacity has been the subject of recent consideration by the Council and there has been increasing recruitment and retention issues which have impacted upon capacity and been attributed in part to current remuneration levels. The Council considers it essential that its pay structure and pay rates (alongside other HR policies and practice) are properly capable of ensuring that the Council has the necessary capacity and expertise to ensure that officers are able to deliver services in an environment that is respectful of the role of officers, reflects changing working practices (escalated through the pandemic) and promotes diversity, inclusion, continuous development and support, leading to high levels of morale, wellbeing and performance.

The appointed organisation will be required to analyse relevant internal and external data, including pay benchmarking, and then recommend any changes to the pay and grading structure and rates of pay. Such recommendations will be fully costed, taking account of the Council's financial position and the economic situation. Recommendations will also be expected to detail how any changes will be implemented and will take into account relevant legislative requirements and the Council's wish to remain within the national local government bargaining arrangements.'

4 Proposed Evaluation Criteria

- 4.1. The evaluation criteria will be a combination of quality and price. Each reviewed separately in the procurement process then combined once evaluation is complete to identify a preferred service provider.
- 4.2. Quality - Core requirements:
 - The organisation must have relevant experience of working with Councils on related subject matter.
 - The organisation's personnel assigned to the work must have relevant expertise in undertaking related work in other Councils.

- The organisation must understand changing ways of working and impact on the employment relationship (escalated through the pandemic), current issues relating to recruitment and retention and the employment market/economic situation and the national local government pay bargaining arrangements that the Council is subject to
- Following primary and secondary research the organisation will be required to provide a report supported by the evidence gathered. The findings will be supplemented by clear costed recommendations.
- The organisation will be required to attend a meeting following circulation of the report to discuss the findings and recommendations.
- Work to be undertaken remotely and if appropriate face to face.
- Implementation plan to be provided detailing dependencies from both sides.

4.3. Price – all inclusive, capped price. As the procurement has a capped budget bidders will be advised that their price to deliver the specification cannot exceed this amount. Bidder's price will be scored in direct proportion to the lowest price bid received.

5. Procurement approach

- 5.1. With support from the Council's procurement advisors, two options have been identified as procurement approaches which can be used to identify and secure appropriate external support:
- Utilise an existing appropriate procurement framework
 - Run own competitive process.
- 5.2. The merits of both options have been explored, which has included conversations with relevant procurement framework organisations. These discussions confirmed that relevant suppliers were available via procurement frameworks to meet the Council's requirements. Using an existing framework also enables the Council to take advantage of the evaluation and quality assurance measures that the procurement framework organisation has already undertaken when selecting suppliers, as well as already established terms and conditions and processes which the Council can use to contract with the supplier. All framework organisations demonstrated previous experience of working in local government on similar projects. Using a procurement framework, the Council can then determine whether to direct award or undertake a mini competition process, although with the nature of our specification it is likely that we will be able to direct award, which will potentially enable earlier implementation. Either option will be supported by the framework organisation and the Council's procurement advisors. Further information is at Appendix 1.
- 5.3. It is therefore recommended that a procurement framework is used and the revised specification be provided to the framework organisations to determine which framework to select. This will then help establish whether it is possible to direct award or whether a mini competition process would be beneficial. Members will be kept informed of this decision making process and will have the opportunity to participate in the direct award or mini competition process to identify a suitable supplier.
- 5.4. It should be noted that as stated above, discussions to date with procurement framework organisations highlighted concerns that the existing £25k budget for the work, as originally scoped, was insufficient. It is hoped that the revised specification outlined in this report will enable the work to be undertaken within the budget set. However, further discussions with the framework organisations about the revised scope will need to take place to confirm this. Members will be advised if there is a need to review the existing budget.

6. Estimated Timeline

- 6.1. If the revised specification and procurement approach is agreed, it is envisaged that the procurement process for the reward review would take place between September and October 2021, with the aim of securing a supplier to commence the required work in November 2021, if possible, subject to supplier availability. The aim would be to complete the work so that the recommendations can be considered in early February 2022, to coincide with budget setting. If the recommendations were agreed, implementation of any revisions to the pay and grade structure and pay rates would then be progressed in Spring 2022 and likely to be implemented by Summer 2022. It is envisaged that the subsequent independent review of the management structure would be fully scoped in Spring 2022.

Financial implications:

A budget has been approved for this work but there will be other costs, including existing staff resources in taking this matter forward.

Legal implications:

Need to ensure compliance with relevant procurement legislation when sourcing external suppliers. Any recommended changes to pay as a result of any review will need to comply with equal pay and related legislation.

Appendix 1 - Framework availability – Procurement Advice

Five options:

1. **Shared Business services framework: Consult 18**
2. **Cross Council assurance framework**
3. **ESPO Framework 664 Consultancy services**
4. **Crown Commercial Service: Management Consultancy Framework Two (RM6008)**
5. **Run own competitive process**

Areas to determine:

- Define and finalise scope
- Affordability vs scope
- Timeframe.

1. Shared Business services Framework: Consult 18

Originally developed for NHS organisational transformation, comprises 100+ consultancy firms, many equally adept right across the public sector. Framework comprises 10 Lots. Framework is widely used, many similar requirements with LA's reviewing structure, strategy and future ways of working. Lots of work commissions around strategy and managerial review.

Framework comprises over 100 providers. Framework offers a 'Capability Assessment' to shortlist providers on business needs, timescale etc. Providers review statement of requirements and can opt / in opt of mini competitions. Framework rate cards in place; providers review the statement of requirement and then ascertain number of days, developing the programme delivery price.

If Direct Award – probably pay the day rates. If Mini Competition – may see some rate reductions. Mini competition can be swift, although involves high number of providers to sift.

Recent Local Authority commissions include:

- Blaby District Council
- City of London Corporation
- London Borough of Hillingdon
- Corby Borough Council
- Thurrock Council
- Suffolk County Council
- Nottinghamshire County Council
- Royal Borough Of Kingston Upon Thames
- Wirral Borough Council

Advisors are skilled right across government disciplines and proficient in this work.

Indication is £25k is financially tight based on the original EDDC specification.

2. Cross Councils assurance framework London Borough of Barnet

Framework operates on direct call off based on commission requirements (Lot two - PWC)

Very aligned to providing local government strategic advice. Recommend Lot two: Advisory Services. Framework Providers: PWC, and Mazars.

However the framework tends to attract larger commissions, perhaps spanning several months. Such a commission would come at significant expense. PWC as framework provider potentially open to a shorter, direct project with specific timed deliverables. Significant experience of Local government reorganisation, transformational thinking and pay and reward advice.

3. Eastern Shires Purchasing Organisation (ESPO) Consultancy Services 664

This framework is currently being renewed and is awaiting announcement late August

Lot One Business Services: 70+ Providers; Very relevant providers suited to this work.

Can operate direct award, or mini competition. Mini competition would entail Expressions of interest from all 70 providers. At this value commissions are often direct call off, for swift return on investment from all parties. Framework award 60% Quality, 30% Price, 10% Social Value.

4. Crown Commercial Services Management Consultancy Framework Two

There are a total of 270 service providers on this framework across four Lots. Approx 30 providers for Lot 3 (Complex and Transformation Consultancy Services) which appears to best reflect EDDC's original specification.

Framework provides a compliant, cost effective way for central government and wider public sector to access a variety of consultancy advice from a range of suppliers. Service providers can be found from the lots on this agreement using the new digital filtering tool. This brochure provides an overview of the management consultancy portfolio within CCS. Option to provide Expressions of Interest, with case studies by return.

5. Run own competitive process:

Should EDDC prefer, it could alternatively run its own competitive process and invite selected organisations to bid. This option could be preferable if East Devon has particular organisations it wishes to work with, not represented on frameworks listed.

However at this value it may be difficult to attract providers to invest in preparing their bids. Typically, using a framework is likely to offer an efficient route to market for all parties, and benefit performance by being part of a wider framework management structure.

Justin Bennetts, Devon Procurement Services