Review of the Human Resources Function within NHS Greater Glasgow and Clyde

Final Report to Steering Group

Version: Final Report following Steering Group 3rd February 2014

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1 Executive Summary

1.1 Our Findings

The current situation for the HR organisation of NHS GGC is characterised by a strong focus on employee relations working reactively in an operational and tactical way. This approach has led to a function that is at ease with itself and with the organisation it serves, a function that is seen as being professional and providing a good standard of service, particularly to line managers in the dealing with employee relations issues. While this approach has served well since the formation of GGC as an organisation, we take the view that the current arrangements have been successful against a backdrop of relative stability; relative that is, to the environmental and organisational instability that the organisation will face during the next 5 to 10 years, especially health and social care integration, the implications of which we consider in Appendix 1.

Taking account of the consensus that emerged from our engagement of stakeholders, our opinion is that the future HR function should continue to give a high priority to Employee Relations but more proactively in working to avoid problems rather than being obliged to deal with problems.

There is a strong recognition of the amount of change that is already taking place within GGC and that the pace of change is unlikely to slacken in the foreseeable future. There is a widely held sense, which we share, that the HR function will need to be much more able to handle change in its own circumstances and much more capable of supporting organisational change. While Organisation Development is beyond the scope of the review, many senior stakeholders made the link between organisational change and OD and felt that HR and OD should, as a minimum, be much more closely aligned, with further consideration of whether it should be part of the same organisational arrangement. The key point here is that the future HR function will need to be better at recognising factors that will have a strategic impact on the organisation as a whole, clearer on the potential impacts and play a greater part in shaping and implementing resulting organisational changes. Bringing staff side organisations into the debate around options for the future and gaining early consensus on the most appropriate workforce planning will be one of the critical success factors for the new HR function.

Following on from the Discovery stage, we looked at how best to bring our external perspectives to bear on some potential routes forward. In doing so, we identified two “polarities” that we consider being highly relevant to the future HR function:

1. Cost focus versus a Patient focus
2. Reactive approach to HR delivery versus a Proactive approach

We contrasted these polarities by placing them on a grid and analysing what it would mean for an HR function operating in each quadrant. We then gave names to each quadrant, described how it might work and then compared this to the findings from the Discovery stage and our original brief.
In describing each model, we were influenced by Ulrich (1997), who identified four key types of roles the HR must deliver to be effective within an organisation:

- Administrative Expert
- Employee Champion
- Strategic Partner
- Change Agent

For each of the HR models we identified, we looked at what emphasis would be placed on each of the four Ulrich roles. The outcome of this analysis is our core recommendation is that GGC should adopt "The Intelligent HR" model, characterised as being Proactive and Patient Focused.

Structurally, this would mean having a central common HR service function handling transactional work under the management of the corporate HR Director, the extent of its remit to be determined. This would be combined with a small number of common specialist/expert functions again under the control of the corporate HR director, with further detailed examination of its composition to be considered. HR Business Partners (or similar title) would be aligned to directorates to act on providing:

- Governance over people management
- Complex and / or sensitive case work
- Commissioners of specialist activity
- Leaders of people change projects

The implications for line managers is that they will need to take full accountability for the people management and that part of the role of HR Business Partners will be to provide specialist support, by exception and to provide a route to and / or commission specialist work from the corporate centre specialist / consulting functions. This is to ensure the most efficient use of HR resources, to aid consistency and to provide the most appropriate locations for both for expertise and for accountability.

It is possible also that this approach will also result in duplication of effort across the whole organisation. We take the view that it would be appropriate to establish:

- A range of highly skilled generalists on the ground to make this model work;
- Structures in place that encourage interdependencies and cross team learning
- Strong central leadership from the HR director and corporate centre colleagues
- The use of a good HR IT and data management system to create an efficient common resource that can be shared across the boundaries and at local sites.
What would this mean in terms of change for the HR function?

Our assessment of the current state of the GGC HR function on this matrix is “Reactive” and half way between “Cost” and “Patient” focus, a combination of the “HR as Guardian / Police” model and the “Flexible HR” model.

We recognise that our recommendation to move to the “Intelligent HR” model may be challenging to the organisation as a whole and particularly for the HR function, requiring the need to address gaps in skills, competencies and ways of working and underpinning culture. We should not ignore the transformational change agenda that is already under way within GGC. For this reason we offer two alternative options for approaching the change:

1.1.1 Evolutionary, incremental change

- Long term aspiration to achieve the recommended end state, but acceptance that the capacity for change within HR and of the organisation as a whole, given its own change agenda, are limited
- Pace of change determined at board level and sensitive to / designed around business change priorities
- Lower overall risk to the organisation
- Slower release of benefits and greater risk of no financial benefits
- Delivering a balance of outcomes more towards “Effective” than “Efficient”
- More difficult to maintain momentum, may risk being abandoned if greater priority on change is seen outside of HR
- May absorb more internal HR resource over a longer period to achieve a given end state
- In this approach we suggest a series of Quick Wins as a way to build momentum around the long term change aspirations

1.1.2 Transformational change

- Specific HR outcomes are prioritised, planned and delivered as a change programme designed to achieve an agreed business case
- Would need to be led by the new HR director, chosen particularly for transformational change skills and experience
- Focused around an agreed, compelling but possibly more contentious vision
- Would encounter greater stakeholder resistance than evolutionary approach and therefore require much more attention to stakeholder management
- Would realise a wider range of benefits (including financial) more quickly.
• Would achieve a balance of benefits from being more Efficient and more Effective

• May entail greater risk as would contribute to the overall change agenda and make the management of change more complex. Therefore would give rise to greater requirement for change management skills within the function

In our opinion, either approach would work; both would achieve the same end point. Our recommendation however would be for transformational change because a) momentum b) more likely to attract an HR director that would “live the vision”.

1.1.3 Management of Quick Wins

Regardless of the choice of Evolution vs. Transformation, we take the view that there are a number of initiatives that should be kicked off in the short term that are required by the organisation and would be required for either change approach. These short-term initiatives are:

• HR Director Recruitment – revisit the job description and person specification in light of the recommendations for the function

• Skills / capability audit of the existing HR function

• Bringing together a corporate Strategic Workforce Planning function, whose size and capabilities better match the future needs of the organisation

• Planning on the size, costing and shape of the future HR function to be informed by the new workforce planning function

• Aligning existing individuals and skills to new organisational arrangements and recruiting to address any gaps
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2 Introduction

NHS Greater Glasgow and Clyde (“GGC”) has commissioned the Edinburgh Institute of Leadership and Management Practice (“EI”) in partnership with the Institute for Employment Studies (“IES”) to conduct a review of the GGC Human Resources function. In doing so GGC seeks to gain external perspectives from EI / IES on the current organisation and provision of the HR function and the services it provides, and the way in which HR support is provided. EI / IES have been tasked with providing a report and recommendations to the Corporate Management Team and the NHS Board. The report is to include recommendations for the most appropriate future arrangements and organisational structure to provide a modern, effective, fit for purpose HR function for the NHS Board, recognising future changes, and supporting high quality healthcare and outcomes.

We have undertaken this review over the period 20th September to 3rd February 2014 and this report is the result of the review process and is presented to the Steering Group and the NHS board for their consideration and approval.

2.1 Approach

Our approach has been to segment the review as follows:

- **Mobilisation** – setting up the project on agreed foundations
  - Setting project resources, governance, steering group
  - Agreeing a Project Initiation Document

- **Discovery** – establishing a fact base and a set of opinions from within the organisation
  - Input from the steering group
  - Collecting and reviewing documents describing the current HR function
  - A review of policy and procedural documentation available on the intranet
  - One to one interviews with senior stakeholders
  - A survey of employees in the HR function
  - Focus groups comprising a representative sample of HR employees
  - A survey of senior managers as clients of HR
  - Meeting with the Area Partnership Forum

- **Synthesis** – building up a set of options
  - Based on the data set from the Discovery stage
  - Taking input from the Steering Group on external factors influencing future organisational strategy
  - Building a “polarities model” from which to create strategic options
Bringing in external perspectives on best practice from previous client work and other organisations
Analysing the potential options against external perspectives and our views on the key challenges for HR
Formulating recommendations

• Reporting and Closure
  • Writing up the conclusions, recommendations
  • Bringing together all of the internal and external material to summarise the findings of the HR review
  • Presenting the findings to the Steering Group
  • Making any necessary amendments to finalise the report
  • Taking client feedback and undertaking a brief lessons learned review
  • Formally closing the project

3 The Discovery Stage

3.1 Background
The purpose of the discovery stage of the project was to build up a collection of facts and internal GGC opinions on the HR function as it currently stands and attitudes towards its future design and delivery. In building up this collection, we used the following sources and approaches:

• Documentary material provided by the HR Function
• Review of on-line (intranet) material on policies, procedures and supporting information provided to managers and employees
• One to one interviews with senior stakeholders (see “Focus Group Outputs” Appendix)
• Meeting with HR Executive Group
• Survey of HR Employees
• HR Employee Focus Groups
• Survey of Senior Managers

3.2 Broad Themes
At a broad level, we see a picture of an HR Function at ease with itself and its customers, focused on Employee Relations as a priority. Its traditional strong suit is Employee Relations and this is reflected widely in our survey and discussions. There is a strong emphasis on policy and procedure though there is evidence both from Focus Groups and the documentary review that the presentation, availability and ease of use of on line material to support managers are not yet fit for purpose.
There are differences in opinion between the HR function and managers on the way each rate the effectiveness of support for the organisation. HR typically rates its performance higher than the managers – a common finding.

GGC HR is recognised as being a functional and professional support service to the organisation. However, it is difficult to make a direct quantitative assessment as to the effectiveness or efficiency of HR due to the absence of data. We found that there is not a strong measurement ethic or culture within HR and several stakeholders commented that this is in stark contrast to the scientific, evidence based approach taken by the medical and other health care professionals. We have drawn conclusions indirectly on effectiveness and efficiency based on the opinion surveys and external benchmarking data, but we would have been more confident in our conclusions had there been better quality performance data to examine.

The function is strongly influenced by the approach to Employee Relations – there appears to be very little opposition to the view that ER should form a key part of the GGC HR agenda into the long-term future. We found that there are positive attitudes and outcomes of the Employee Relations policy from employees, managers, HR and staff side bodies.

**HOWEVER**

We sense that the current situation may be a little too comfortable; while the current approach has served HR and the organisation well, the future strategic demands of the organisation have created a number of “Burning Platform” issues that HR will need successfully to navigate and in doing so take a more pro-active lead for the organisation as a whole. For this reason we take the view that the HR function should develop in a number of areas and this will impact the function’s organisation as well as the design of roles and capability requirements for the future.

### 3.3  Strategic Context

In our discussions with the wider stakeholder community, and taking into account our own views of the future-operating environment for GGC, we have identified three key strategic factors that are likely to have a strong impact on the organisation as a whole and our recommended responses from HR.

**Acute Services:** Changes to structure of Acute both in terms of the organisation but also the consolidation of hospital sites. There is a broad recognition across the GGC of the huge challenge resulting from changes in Acute but some doubt that the full impacts of change on people and people management have been thought through and bought into the planning. For example, there is an awareness that changes to ways of working such as 24 x 7 operation will have significant impact on the way that HR services are delivered, but the implications of such a change we believe have been insufficiently discussed. There are doubts too about the depth, quality and implementation of workforce planning to deliver the right capabilities into the new organisation and this has been expressed, for example, in planning to support the
opening of the new Southern General Hospital. The current view is that the workforce planning approach is too focused on numeric capacities rather than delivering the necessary skills / knowledge / capability. Moreover, there is a lack of integration between short term resourcing decisions and longer-term workforce planning.

Integration of Health with Social Care: The full impact of the merging of health and Social Care services is yet to be understood. There are places where the integration has taken place and is operating successfully (e.g. West Dunbartonshire HSCP). In contrast, however, integration within other areas is less well advanced. In addition, the full legislative framework is yet to emerge from the Scottish Parliament and this understandably creates some level of uncertainty in the planning processes.

It is recognised, however, that there will be challenges in creating coherent teams when there is no integration of employing legal entities. It is likely that there will be difficulties in dealing with individuals with different employment terms and conditions. Though most HR functions are familiar with managing multiple terms and conditions given the organisational legacy of GGC, this challenge may be of a different magnitude. The case study described later in this report on Smiths Group plc shows that such difficulties are not insurmountable, whilst the West London boroughs’ partnership example indicates that sovereign public sector bodies find it hard to deal with differences in terms and conditions.

While there are some doubts about what integration will actually mean for HR, we take the view that waiting for final legislation on integration will not be the best course of action as it may be too late to make the necessary changes. One approach that may be fruitful is that of Scenario Planning as a way to prepare for the “known unknowns” and to “stress test” current strategy and thinking to identify aspects of current planning that are either incomplete or missing. Done well, scenario planning has the virtue of distinguishing between constants that appear in any environment from issues that emerge only in particular circumstances. This narrows down the range of topics that need to be addressed.

Continuing Financial Constraints on GGC for the following (and subsequent) financial years place greater pressure on resources and this includes HR. This raises the priority of efficiency on the function’s change agenda whilst still maintaining (and improving) effectiveness. Current capabilities to measure and manage efficiency and effectiveness have been raised (during the Discovery stage) as a weakness of the function.

For brevity, we have adopted a bullet style presentation for the detail of the discovery stage.

3.4 The Purpose and Objectives of HR

- There does not appear to be a compelling “HR Vision” to focus the efforts of the function.
• In our conversations with senior stakeholders on the subject of business change challenges facing the organisation in the future, it became clear that there is insufficient involvement in organisational strategy - providing challenge and reflection in change and workforce planning
  * There is some frustration within HR at the inability to “break out” from the transactional and into more strategic, change and project-based work.
• While less well developed, some interviewees wanted to see HR act as a “challenging ally” in strategic planning and change management.
• It is widely accepted that HR’s role is to provide advice and guidance around people management to the organisation’s managers. Some regard this as the primary role for HR – to restrict the number of problem cases developing.
• There is a sense that, in their role of champions of staff governance, HR could have a more direct influence on risk management, especially when dealing with difficult cases.

3.5 The Functions of HR

The following were identified as key activities:
• Creation and maintenance of People and HR Policies.
  * Policies and procedures are open to interpretation; different HR people interpret different policies in different ways in different organisational settings
• Transactional activities supporting employee life cycle (e.g. recruitment, leavers)
• Supporting managers with advice and guidance
• Challenge and support for strategic planning, implementation and key change management initiatives
• Workforce planning – including Strategic Workforce Planning
• Support for workforce change initiatives e.g. redeployment
• Staff governance
• Employee relations and Trade Union relationships

There was particular discussion on the management of complex or difficult people management issues. Some line managers take the view that HR is accountable for managing such problems. A significant part of HR is comfortable with this reliance on them. This does prompt the question however “is this the most effective role for HR?” Many private sector organisations have moved away from HR’s direct involvement in case management, except for the most serious matters. GGC stakeholders broadly agree that HR should step back from managing difficult issues for line managers, but there is a need for clarity about line manager accountabilities for people management and how they will be discharged. An important role for HR may then become equipping managers to better manage and thereby avoid issues.
3.6 The Performance of HR

As indicated above we have limited information on functional performance; we have used data produced for the National HR shared services initiative, in the analysis below. It shows that the Board exploits the economies of scale it can obtain from being such a big organisation. However, it particularly differs from its peers in the amount of time it devotes to employee relations (consistent with our earlier observations) and rather less time on training and organisational development.

Functional Analysis NHS GGC Comparison

source: NHS Scotland: “HR Shared Services Baselining Update to NHS Greater Glasgow and Clyde 16/10/2013”

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Viewed from the perspective of HR and managers:

Positives:
- Employee relations
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- Relationships with Trade Unions
- Support for managers
- Stable policies
- Attributes of people (trusted, professional, balanced, impartial, helpful, understanding employee needs)

**Negatives**
- Inconsistent in terms of advice provided to managers and in terms of process performance
- Measurement, process performance management, depth and transparency of reporting
- Information management and analytical skills
- Workforce planning implementation; role in Succession Planning and Talent Management
- Capability in managing change
- Aptitude and capability in managing cultural issues
- Customer orientation
- Delivering and communicating policy and procedure to line managers
- There is a strong demand within the organisation, the CMT, the unions and the HR function itself to reduce time to achieve outcomes and consistency of advice

### 3.7 Structure of HR

The diverse nature of the organisation (described several times by interviewees as a “federal structure”) means that HR has a deeply segmented structure with limited power in the corporate centre and fairly independent HR teams in the business units; being highly devolved reflects the organisation structure of GGC as a whole. The HR operating model, the logic behind the organising structure, reflects the needs of the organisation when it was formed, though the impression we have formed is that since the organisational needs have changed, the existing operating model is no longer as relevant. As a result, there is little sense of a vision or “wholeness” of HR. In times of change the adage “form (of HR) should follow function” is especially apt; we should be clear about the “what” and use this to inform the “how”.

Critical to this future thinking is consideration of the role of corporate HR and its relationship with centrally provided services. Should the business unit HR teams report into corporate HR or remain reporting to service managers? Should the number of centrally provided HR activities be extended or reduced if the devolved model develops further? Another consideration we discussed with interviewees is whether corporate HR could have more priority on coordination of approach and delivery across the organisation, taking a more strategic, pro-active role looking towards the future, being more involved in cultural initiatives and in managing the performance of HR processes.
Two important external issues affect this decision, that also complicate the wider organisational change described above. There is the potential for a nationwide HR shared services integration and the coming of a Scotland wide electronic HR system (eESS).

The feedback on NHS Scotland’s shared services initiative vary from one of welcome (to improve transactional process consistency and efficiency) through a confidence that GGC could co-opt any model and exploit it to GGC’s benefit, to a dismissal of the idea on the grounds that it will never happen.

As to eESS initiative, there is acceptance rather than strong support for it, though there are limited and inconsistent expectations in terms of outcomes. Moreover, there is limited confidence on the quality of data migration and concerns that the effectiveness of the system could be limited by the poor and incomplete data.

Against this background, again there were varied opinions. Partly, differences are attributable to different readings of how the new partnerships will operate and how separate they will be from GGC board, as well as how Acute services will be organised.

Irrespective of these developments, some managers and HR team members stress the importance of a centralised, standardised, coherent function. This would be in line with the current employee relations approach. In addition, members of the HR function expressed a desire to share and learn from each other, which also suggests greater integration of HR.

Others believe that the corporate centre could be left with governance (legal requirement) and professional development roles with very light engagement with operational issues but with strong personal support to the CE and Board.

3.8 HR Capability Gaps

Most HR functions report capability gaps (Reilly et al 2007 and Reilly and Williams, 2006). Often these gaps focus on influence and strategic contribution, as well as information management. Some interviewees in this review felt that HR is currently too insular and staff too long serving to improve its position. Others (certainly within HR) were more confident of the future: it was ‘a sleeping giant’ that with different leadership and direction, colleagues could do a lot more than now. There is plenty of experience/education/skill and potential to be exploited. In this positive view of the future, HR management should take more risks in exposing staff to more complex work, despite a risk averse culture.

Based on our interviews with the HR team, on the HR focus groups and on the survey of managers, we identified the following specific areas for capability development:

- Data mining and analytics on people and HR information.
The ability to develop dashboards reporting factors important to the organisation, including historic trends

HR analytics capabilities especially as these will be judged by a highly numerate / analytical client base well versed in scientific methodology

Information management

- Currently no internal consultancy role or rigour in defining client requirements.
- Succession planning not a high enough priority
- HR should take a more proactive role in Change Management specifically around the impact of change on people and readiness for change planning and delivery

- There is a divergence of view about the relationship and role of the OD function, strong consensus that OD and HR need to become much more integrated in their approach to managing change and leadership development; stakeholders currently see a significant disconnect between HR and OD.

- Some support for consolidating the two functions

- HR needs to improve its skills in business relationships and networking; reflects a weakness in the approach to managers as customers
- HR should be much more structured and analytical in its assessment of organisational risk and use this as one of the ways in which to set its priorities
- Workforce planning is a complex process. Majority of focus on the workforce plan is on the inputs to the process rather than the quality of the plan or the delivery of the required outcomes.

- No tangible change management plans in place that deliver the outcomes indicated by the plan
- Plans need to include options, risk and contingency planning
- Plans should include delivery of capability and therefore should be much more closely aligned to L&E; it’s not just about numbers of people

- Big change is integration of health and social care. Regarding Acute should HR follow the organisation’s service delivery model (which could be directorate, location or hybrid based) Embedded HR will remain to some degree organised around this.

- Capacity of HR to deal with sheer volume of change

- Full impacts on staff
- Maintaining the right flow / pace of communications

3.9 Attitudes towards HR now and in the future

Drawn largely from free text responses in Managers Survey
- There is no opportunity for taking feedback either from customers of HR or even HR employees themselves
• There is some sense of HR acting as a regulator / policeman around HR and People Management policies; telling managers what they are not allowed to do rather than advising them how to proceed or how to avoid problems at an earlier stage

• More structured thinking about how to make the most out of agile working is required - operate multi-site but are not equipped for agile working (access to mobile phones, laptops and Wi-Fi connectivity)

• More support from HR for higher value people processes
  * Retention
  * Talent Management
  * Succession planning
  * Workforce Planning
  * Performance Management / PDP process
  * Equalities and Diversity agenda
  * Reward and Recognition (acknowledging that the design of Reward in the NHS context does not include financial bonuses)
  * Organisational Design and Job Design

• L&E, staff governance that ensures delivery of clinical standards and quality outcomes, workforce planning and change, redeployment and retraining, help NHS shape the workforce supply

• HR need to build a better understanding of the “whole system” involved in integrated Health and Social Care; success is about more than the NHS staff.

• HR needs to be more open to feedback more often and in more ways

• HR could afford to be slightly more directive and slightly less consensual

• HR needs to consider the intended and unintended consequences of changes to the way they operate

4 Case Studies – The External Perspective

4.1 Smiths Group plc

4.1.1 Background

Smiths Group plc is a multi-national engineering group, headquartered in the UK and whose shares are listed on the London Stock Exchange and feature in the FTSE 100. While the group is clearly a private sector organisation operating in an entirely different market segment, there are a number of interesting parallels with GGC both organizationally and in the challenges faced by their HR function prior to undertaking it’s transformation journey.

Smiths is run as a loose conglomerate of businesses whose only common features are leading edge technology and advanced engineering. The group has business units
operating in medical instrumentation, airport security detection, upstream oil and
gas pumping, electrical interconnection & power distribution and gas / fluid heating
& distribution. It operates in over 100 countries and uses 8 core business languages.

Following the appointment of the current chief executive in 2007, an initiative was
undertaken to review the purpose, functions and size of the corporate centre, with
the specific intention of reducing its size to an absolute bare minimum and building
the capabilities of the operating businesses to support themselves. This is partly
driven by a belief in support services being as close to the customer as possible and
partly through a strategic desire to be agile in mergers, acquisitions and potential
disposals of business units.

The concept of minimal corporate centre was to be an influencing factor in
transforming HR. The HR leadership team took external advice regarding the relative
size and cost of the HR function and used this as an influencer of HR functional and
organisational design. The external advice was that the “HR ratio” (the ratio between
the number of full time employees to the number of full time HR employees) should
be a key driver and that a ratio of 1:250 should be the aspirational target, based on
industry “best practice”. At the start of the transformation journey, the HR ratio was
1:105.

The “target-operating model” was to comprise:

• A corporate HR director directly managing a very small team of corporate expert
  roles – a Reward and Recognition expert, an OD expert and a Talent / Leadership
  Development expert. The corporate experts would coordinate and influence
  their counterparts operating within the operating business units

• Each operating business has an HR director supported by a small group of HR
  business partners. The operating business HR director reports to the operating
  business director and is a board member for that business. There is a “dotted
  line” to the corporate HR director for coordination, corporate policy and ongoing
  performance management of the operating model and its business benefits

• Eight small HR Service Centres based regionally in operating business units,
  reporting to a business HR director but providing services to all other businesses
  operating within the region. The consistency and standardisation between the
  Service Centres owned “federally” by the operating business HR Directors. A
  single, global outsourced telephony system routing calls to the appropriate
  service centre and (to be delivered in the current financial year) a single, global
  Case Management system

• All employment and HR policy managed within business units to meet business
  requirements and those of local employment law

• No attempt to harmonise terms and conditions of employment between units or
  between different countries within the same operating business unit

• A single, global HR information system provided as an outsourced cloud based
  service
• All disciplinary, grievance and other case work handled by the HR service centres with advice as necessary from “junior” HR business partners

4.1.2 Key Outcomes of the transformation journey
• Establishment of the network HR Service Centres
• Increased emphasis on the skills and capabilities of HR Business Partners and the establishment of a junior as well as senior level business partner, accountable for smaller organisational segments
• Implementation of a “lowest common denominator” HR information system
• Implementation of Recruitment Business Process Outsourcing (“BPO”) – the transactional aspects of recruitment
• Achievement of an overall HR ratio of 1:134, including all HR roles and excluding payroll. Achievement of a Transactional HR ratio of 1:173 for roles within the HR Shared Service Centres. Headcount costs for HR Shared Services globally run at £2.4m per annum, equivalent to approximately £20K per WTE. It was not possible to establish equivalent figures for GGC.
• Exceeding the business case benefits through a combination of reduced headcount and efficiencies from shared services and in particular, Recruitment BPO.
• A lean HR function – the leadership team acknowledges and accepts that the HR function is almost too lightweight. They are prepared to accept limitations that this places on business.

4.1.3 Organisational Comparison to GGC
Similarities
• Same order of magnitude workforce (21,000 WTE in Smiths, 33,000 in GGC)
• Deeply segmented organisation structure
• Desire for increasing efficiency and effectiveness
• Desire to strengthen strategic capability of HR
• Recognition of the need for HR strategic business partners
• Implementation of a common, shared HR IS outside of the organisation
Differences
• Prepared to outsource where considered to be appropriate
• Prepared to consider sharing services but only where services are provided by a division on behalf of the business as a whole
• Prepared to take a radical approach to provision of HR infrastructure and service
• Less focus on Employee Relations at a corporate level; regulated employee relations such as Works Councils in Europe handled locally, within operating business units at HR Business Partner / HR Service Centre level
• Prepared to accept higher levels of risk in transforming HR

• GGC current overall HR ratio is 1:100 (compared to Smiths of 1:134). Transactional HR ratio is 1:150 (compared to Smiths of 1:173)

4.1.4 Learning that may help GGC

It is possible to run an effective shared service function where there are many very diverse employment terms and conditions operating in different languages and different countries. Sharing HR services between NHS and Local authorities in HSCP’s is eminently feasible.

Given the very complex set of employment conditions, language and cultural diversity that Smiths deal with in managing HR, they run considerably more efficiently than GGC both from an overall HR ratio perspective and the more targeted HR Transactional perspective. It is a matter of debate whether or not Smiths run a more effective HR function.

Given the current federated structure of GGC and the appetite for increased efficiency and effectiveness, one possible destination is an HR function that is too lightweight and that there is a risk of over-focusing on ratios, cost and efficiency at the expense of effectiveness.

4.2 Birmingham City Council

4.2.1 Background

Birmingham City Council is the largest local authority in Western Europe. In 2010 it had a total headcount of around 52,500. Following the 2008 financial crisis and in common with all of the UK public sector, the council was obliged to make dramatic cuts in all areas of expenditure. Over the two-year period 2010 – 2012 it reduced this workforce to around 49,500; the reductions have continued at a similar pace in the following years. This reduction was supported by a major business transformation initiative, of which the Excellence in People Management programme (“EPM”) was a significant part. Prior to kicking off EPM, the council’s HR function was characterised by:

• Strong focus on employee relations in general and adversarial trade union relationships in particular
• An HR agenda influenced strongly by grievance and disciplinary case loads
• High proportion of available HR resource engaged in transactional activity
• A highly devolved HR function aligned to influential and powerful operational Directors
• A focus on employment policy rather than people strategy
• Low levels of efficiency
• Poor information systems, data quality and analytical capabilities
The EPM programme set out by establishing a series of objectives around the future purpose, function and shape of the HR function by creating workstreams around:

- Performance Management
- Reward and Recognition
- Workforce Planning
- The HR Operating / delivery model
- HR Information Systems, Portals and Decision Support

In establishing the future purpose of the HR function, there was an acceptance across the organisation that HR needed to play a much more strategic role within the organisation and that the previous arrangements had caused the function to use most of its available capacity in reacting to events on an operational and tactical basis. There was a recognition that if the council were to achieve the required financial cuts that the transformed HR function would have a pivotal rôle to play.

4.2.2 Organisational Comparison with GGC

Similarities
- Large public sector organisation dominant in its local area
- Powerful, semi autonomous directorates with significant devolved power (both legislative and negotiated)
- Asymmetry of directorates size and purpose; a children's services directorate including schools accounting for more than half of the organisation
- Strong historic emphasis on employee relations

Differences
- Much more local and overt political sponsorship and intervention within the governance of the HR function
- Driver for HR transformation was the wider business transformation agenda driven by a local political coalition
- The tightening financial constraints emerged during the transformation, rather than being the cause of transformation
- The increasing reliance of the organisation on the transformed HR function to allow it to deliver its own efficiency objectives
4.2.3  **Key outcomes of the HR transformation journey**

- Creation of a cadre of HR business partners aligned to directorates and leading key expert functions
- Creation of a set of corporate expert functions - Strategic Workforce Planning, Reward and Recognition, organisational design, Learning and Development, Engagement
- Policy development and maintenance handled topically by Nominated HR BPs
- Implementation of a feature rich HR intranet and information system providing ESS, MSS and HR specialist portals.
- Implementation of a tiered approach to HR delivery. Intranet, HR advisory and HR transactional at level 1, expert functions at tier 2
- Formation of a shared HR function providing transactional and operational support and front end case management services
- Resourcing / recruitment is a corporate, shared function but separate from shared services
- Small corporate leadership team
- Significant reduction in the size of the HR function - 35% reduction in head count though cost per head has probably increased as the skill and seniority level of the transformed organisation is higher than the pre-transformed state.

4.2.4  **Learning that may help GGC**

- Creation of / selection of business partners needs to be accompanied by knowledge and skills development. Realigning successful candidates to new roles doesn't of itself give them strategic capabilities
- The formation of a Workforce Intelligence and Planning team within the corporate centre but aligned at project level to business units / directorates in which advanced workforce analytical capabilities have been merged with strategic workforce planning, talent management and succession planning
- Some elements of OD have been merged into the wider HR function - culture, engagement,
- Corporate leadership team is arguably over sized and does not have clear design philosophy e.g. 1 member of the team has accountability for resourcing, another for shared services, another for high level employee relations. Based on skill set of personalities rather than organisational requirements
- Internal shared services i.e. not shared outside of the council though they have a stated policy to trade this service externally
4.3 East Cheshire NHS Trust

4.3.1 Background

In 2006 three sovereign NHS trusts (East Cheshire Trust, Central and Eastern Cheshire PCT and Western Cheshire PCT) were looking to see how they could increase efficiency in their HR functions and maximise their resources. They decided to create a common service provision for some HR activities, whilst continuing with separate and organisationally specific activities for other HR work. In 2007 Cheshire HR Service was formed as a virtual organisation, hosted by East Cheshire Trust (ECT), to provide shared services in areas of HR administration, learning and development, occupational health and counselling. Bound together through ‘Service Level Agreement Partnerships’, it became an operation with over 120 staff and a budget of £4.3 million serving many more than its original three customers and with a broader range of HR services including employee relations advice, recruitment administration and strategic HR consultancy.

The changing NHS landscape made the original arrangement inoperable: two of the three founding organisations disappeared when GP led commissioning removed the PCTs. CHRS had to find a new organisational format if possible as a member of the NHS family, but with greater commercial freedom than was possible when owned by ECT. In the end, CHRS was bought by arvato (a business outsourcing company that is part of the Bertelsmann media group) from ECT.

CHRS continues to supply HR services to ECT, to its pre sale NHS clients, but now its business reach is going further into new territories.

4.3.2 Organisational Comparison to GGC (similarities / differences)

CHRS was a HR function providing HR services to NHS trusts in a similar way to NHS Greater Glasgow and Clyde but on a much smaller scale and against very different restructuring initiatives. It had to operate in a partnership format that is not needed by NHS Greater Glasgow and Clyde as all the patient services are delivered by the Board and not by separate organisational entities.

4.3.3 Key outcomes of the transformational journey

CHRS was able to:

- Save money – a 7-10% annual opex reduction
- Improve customer satisfaction
- Increase job satisfaction in HR
- Invest the savings in new technology (especially in self-service technology)
- Exploit generic e-HR sector investment (e.g. Electronic Staff Record - ESR)
- Deploy change expertise in new technological systems for its clients especially manager self service, management information (through a dashboard system), automated workflow, HR portal and data warehousing
- Deliver a new advisory service model with 70% of calls handled by a call centre
• Transform employee relations
• Refocus HR’s efforts away from line manager case work support

These last points are captured in the diagram below

**East Cheshire Trust Employment Relations: What’s changed?**

<table>
<thead>
<tr>
<th>Historically</th>
<th>Current State</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance on HR</td>
<td>24/7 Information Portal</td>
<td>Reduced Cost</td>
</tr>
<tr>
<td>Low ownership of HR Management</td>
<td>Access to available dedicated HR professionals</td>
<td>Improved line manager capability</td>
</tr>
<tr>
<td>Inconsistent advice</td>
<td>Expensive legal resource focused on risk areas</td>
<td>Reduced risks/costs</td>
</tr>
<tr>
<td>Multi-information sources</td>
<td>People Coaching for Managers</td>
<td>Improved line manager confidence/ satisfaction</td>
</tr>
<tr>
<td>Lack of Management Information</td>
<td>Management Information focused on trends</td>
<td>East Cheshire HR</td>
</tr>
<tr>
<td>Limited HR Capacity</td>
<td></td>
<td>Staff focussed on strategic priorities</td>
</tr>
</tbody>
</table>

**4.3.4 Learning that may help GGC**

With respect to HR shared services, CHRS learned that through the use of pooled resources efficiency in (automated) transactional processes could be achieved. However, CHRS also discovered that the sharing model is difficult in the NHS because of

• The requirement (for reasons of financial accountability) for one Trust to host the service and employ the people. This creates imbalances in the partnership and extra governance challenges than are found where business arrangements are more flexible. This is pushing English NHS organisations more towards outsourcing to get their economies of scale and technology investment.

• However, HR directors (and indeed many Chief Executives (CEs) are reluctant to give up resources, reduce the scale of their operation or become reliant on third parties. They often want to keep control over their HR activities in order to minimise perceived risks. Changing a function that is so critical to the organisations success can take time and energy which may feel like a step too far given other competing priorities.
• Organisations find it hard to be clear about the boundary between shared resources and retained or embedded resources. Most politicians and many senior managers see HR’s only value in the way it delivers transactional services. HR should contribute strategically and operationally to organisational performance and those facets need to feature in the HR design. The HR community may be uncertain about the move but can be persuaded of the value of shared services if well led and their fears tackled. In particular, CHRS devoted time to establishing new career paths for their team.

With respect to partnership, they acknowledged that there were cultural differences that needed to be worked through before a holistic service could be delivered. This was especially true of differences between the acute hospital and community services.

On technology, initial resistance to manager self service had to be overcome and time is needed before it can be embedded, not least because how clients will respond is not known. Their successful rollout of new systems has left them with unrealistic expectations to overcome.

Regarding organisational performance, CHRS found that creating SLAs had benefits in defining accountabilities, standards and costs that proved very useful in driving improvements.

4.4 West London boroughs’ partnership

4.4.1 Background

In 2012 Westminster City Council, the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham entered into formal collaboration and structured shared service arrangements under the tri-borough title. Through pooling of resources and expertise the boroughs expect to save £33.4 million by 2015/16.

For some services all three boroughs participated; for others only RBKC and LBHF joined; and many other services are still delivered by one council. The table below summarises the situation.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Boroughs involved</th>
<th>Lead borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Services</td>
<td>Tri-borough</td>
<td>LBHF</td>
</tr>
<tr>
<td>Children’s Services</td>
<td>Tri-borough</td>
<td>RBKC</td>
</tr>
<tr>
<td>Libraries and Public Health</td>
<td>Tri-borough</td>
<td>WCC</td>
</tr>
<tr>
<td>Environment, Leisure and Resident Services</td>
<td>Bi-borough</td>
<td>LBHF</td>
</tr>
<tr>
<td>Transport and Technical Services</td>
<td>Bi-borough</td>
<td>LBHF</td>
</tr>
</tbody>
</table>
The Chief Executives also commissioned feasibility studies relating to Finance and Resources and Environmental Services. A review of a tri-borough Corporate Services (Finance/Legal/HR etc.) function is proposed for April 2015.

The presumption in the joint report ‘Tri-borough proposals report: bold ideas for challenging times’ is that services will be integrated where possible and jointly commissioned against standardised specifications to achieve the best possible price. Each common service will have a lead commissioner who will be accountable to each borough for the delivery of their service.

However, ‘the proposals have sought to bolster, not undermine, the democratic legitimacy and rights and responsibilities of the three Councils to choose their own priorities and decide their own policies’. It should be noted that LBHF and RBKC have a single Chief Executive with WCC with a separate CE.

The individual councils set their own budgets, raise their own taxes and make their own political decisions to represent the needs of local people in unchanged democratic arrangements. A 19-point ‘sovereignty guarantee’ has been agreed between the boroughs setting out this position in more detail.

Staff did not transfer but work under Section 113 of the Local Government Act 1972 agreement. This allows an authority to place its staff at the disposal of another authority on such terms as the parties agree. The protocols under which the services are delivered in this situation are akin to internal service level agreements. The three boroughs have thus retained employer responsibility for their own staff whether they are part of any bi or tri-borough service or not. This is despite the fact that there are currently three different pay structures in place for LBHF, RBKC and WCC.

Each borough currently has a separate pay and grading structure in place, shaped differently, and developed to meet the reward objectives of the borough concerned. There are some similarities but there are a number of major differences. The boroughs’ initial analysis of pay comparability suggests that the picture on pay levels is complex, especially if both actual pay, including all cash payments are included, and pay opportunities to scale or range maximum are considered. It does not indicate a consistent pattern of one borough paying much more than the others or a clear pecking order.

Employees appointed to a new job (i.e. tri or bi-borough and different from any current job) are employed under the terms and conditions of the host borough for the service it delivers. Where a new service is launched this may be staffed by TUPE transfer of relevant people to the lead organisation.

Where a vacancy arises for an existing job and a selection process is required, the job will be advertised by the borough with the vacancy and they will be the employer of the selected individual.
4.4.2 Organisational Comparison to GGC (similarities / differences)

Obviously the London councils are in a different part of the public sector to NHS Greater Glasgow and Clyde and in another country, but the issues faced in joint partnership working are similar to those that GGC may face with respect to health and social care integration.

4.4.3 Key outcomes of the transformational journey

There is a shared pragmatic, empirical approach to change among the partners rather than an ideological, visionary one with cost saving the primary driver to integration. The bigger and easier cost saving opportunities were seized first. Despite potential misgivings, the early evidence suggests good collaboration between the borough participants, especially on new service offerings. Differences of view between the boroughs on how services ought to be delivered especially on the centralised/decentralised and commissioned/provided axes exist but do not seem to impede getting on with the job. Job holders started working to their original job descriptions but it is expected that gradually there is greater standardisation of roles and role duties, especially where there is co-location of the activity.

However, it was unable to resolve its terms and conditions issues despite unease about equal pay risks, perceived to be unfair disparities in pay and benefits between colleagues, and management complexities in mixed teams operating to different HR policies and practices.

4.4.4 Learning that may help GGC

- Progress can be made without precisely defining an end point and by consciously removing roadblocks by the start: people if left to work together can overcome or bypass problems.
- In this sort of world, there are extra skill requirements in contract management and quality assurance, and a requirement for all staff to become more adaptable, accountable, self sufficient, resilient and relationship focused.
- There is an aim that staff will become less employer and more service focused, concentrating on the outcome, more client centred and less professionally oriented in their thinking: this is a real cultural challenge.
- If there is a high “tolerance of ambiguity” people can cope with what might otherwise be seen as unreasonable differences. As the ‘Driving Change: Leadership, Trust and Money’ report indicated in the complex area of cross borough partnerships we should perhaps be looking for ‘good solutions' rather than 'perfect solutions'.

The boroughs themselves identified four lessons:
1. The requirement for strong leadership
2. Good decision making and flexible programme management
3. Getting back-office to work for front-line workers
4. Strong communication and engagement
4.5  Forestry Commission

4.5.1  Background

By 2003, the Forestry Commission of Great Britain (FC) was a devolved organisation working in partnership with many other agencies to deliver local solutions so that communities could enjoy and make use of forests and woodlands for a wide range of recreational pursuits. It was also responsible for developing policies in support of sustainable forestry development to deliver social, economic and environmental goals. This modern multifunctional role represented a significant change from the traditional economic role of forestry, which was primarily about timber production and providing rural employment. The new role of forestry was more “service led” with forests regarded as places where a diverse range of consumers could enjoy a range of “offerings” to meet their needs.

To achieve this change in role the FC management invested a significant amount of time and effort, particularly during the period 1996 – 2002, in attempting to transform the organisation to work in a completely different way. During this time, the Director General, increasingly signalled the need for a fundamental shift in organisational culture from a centralised, hierarchical organisation, implementing standard solutions, towards devolved decision-making to deliver local solutions through greater consultation and participation with local communities and other partners.

4.5.2  Organisational comparison with GGC

Similarities

- Highly devolved operations both across the three countries and the Research organisation
- Complex structure in terms of policy and operational districts highly devolved in each country but closely linked and accountable to local community and external stakeholder bodies
- Centralised corporate functions responsible for providing services to the devolved autonomous bodies with their own management structures and reporting lines
- Driver for HR transformation was the wider devolution agenda across the whole organisation

Differences

- Smaller entity with around 3000 staff but distributed across a wide range of sites and remote locations
- Much of the operational work has been outsourced and is carried out by external contractors
• The move for decentralisation was made from a strong top down organisation
• Use of Service Contracts is the basis for governance arrangements in the decentralised bodies

4.5.3 Key outcomes of the HR transformation journey

Pre-devolution, HR was a Head-Office corporate function and was responsible for setting the HR policies and procedures for the business to follow - in essence HR set the 'rules' and 'policed' and enforced them. Governance was via the Director General and the FC Executive Board. In essence, the business got what HR told it was getting and the business had to comply. It was a culture of "you will do this..." "You can't do that...". The business had no option; they got their HR support from HQ. HR was funded via the funding the FC received from Westminster. HR policies and procedures were very Civil Service in nature - long-drawn out processes and old-fashioned language. There was no link to Business Strategy, in essence it was an old-style Personnel Department that dealt with transactional and operational HR issues only - and it was called Personnel.

Devolution happened and HR became a Shared Service, funded by 4 different customers (Scotland, England, Wales and Forest Research). In essence the business became HR customers and new Governance arrangements were put in place. This was via the introduction of Service Boards, which were chaired and populated by people from the business, and HR attended and discussed priorities, funding, outcomes, etc. Customers (countries) could give 12 months’ notice to withdraw from any services, (although realistically they couldn't withdraw from things like HR policy and pay whilst still a single employer with a single staff group) such as recruitment, training, Health and Safety, occupational health, etc. HR moved from being the HR 'police' to a being a service provider - i.e. working with the business to provide them with the HR support/services they wanted and require. HR Business Partners were introduced who have a duel role of being part of the business and part of HR. A first ever People Strategy was developed in collaboration with the business and in line with business strategies and corporate plans. It was endorsed by the HR Service Board and the FC Executive board. In essence this was part of a 3-year plan of what HR had to deliver - HR was given an extra £1.5 million in funding to deliver the strategy and this was seen as a real positive step. The business believed HR could and was adding value and once it was seen that HR was embracing the new culture; more funds were invested in people practices for HR to deliver.

HR has continued to evolve and remain relevant - as the business had reduced, HR has reduced. It continues to modernise and has outsourced activities like Welfare, has modernised its practices such as e-recruitment, modernised its policies and built more capacity around management and organisational development.

As the devolution 'envelope' is being pushed even further, it is further evolving and the organisation has recently set up a Business Strategy Working Group to look at the further devolution of services to the countries i.e. moving away from a Shared Services model.
4.5.4 Learning that may help GGC

• Governance of a widely devolved organisation is through the creation of service boards that monitor performance of the services provided from the centre and agree budgets and business plans.

• The creation and alignment of an HR led People Strategy that informs the delivery of services and sets out priorities across the UK devolved bodies.

• HR structure follows the business structure, is constantly reviewed and evolves in line with the requirements of the devolved bodies organisations.

• A number of ‘non-negotiables’, were set out within which local HR had some degrees of freedom to respond more effectively to local priorities and conditions.

5 Response to the Issues

This section explores the options for the development of the HR function in GGCNHS with reference to the initial key questions:

• How can the function be provided more efficiently, and effectively, ensuring high quality, and value for money?

• Can consistency of HR policies and practices be improved throughout the organisation?

• Is there scope for further organisation wide provision of elements of the HR service?

• Are existing reporting relationships appropriate and effective?

• Should the HR function continue to be responsible for all existing services within its scope?

• Is the existing capacity and capability within the function appropriate going forward?

• Are arrangements appropriate to promote a culture of partnership in employee relations and wider staff engagement?

• Are there other areas of people management that functions should be responsible for, to enhance quality of outcomes for patients? Whether HR resources should continue to be aligned to the organisational construct of to work location, on a geographical basis where people work and services are delivered?

5.1 Strategic Context

Initially this section looks to answer these questions in the context of the external factors affecting the function and the GGCNHS overall. These factors highlighted in the Steering Group discussions on November 13th have been arranged in the figure below in terms of their likely impact on the organisation and the relative uncertainty as to how they will affect the organisation.
We highlight three aspects of the operating environment that we believe are the key scenario drivers (those with high impact and high uncertainty) for the HR function in the medium term future:

- The focus on the patient in determining the most effective service delivery
- The increasing financially constrained environment.
- The increasingly flexible, though complex organisational responses, to patient led health care, e.g. cross-functional health care pathways and Community Health Partnerships focused on delivering more in the community and in areas of deprivation.

These represent, we believe, the main influences on the context within which the HR function has to operate in for the foreseeable future. In responding to the levels of uncertainty in this operating environment, we suggest that the HR function has a number of choices in how it works which can be represented along a continuum ranging from reactive and relatively unplanned stance to one which is more proactive, taking a more strategic, holistic and forward looking approach. On another axis (as shown on the following page) HR will be affected by the way the organisation achieves a balance between the demands of reducing costs and maintaining a strong patient focus in its delivery of services.

Conceptualising choices in this way enables us to generate a number of models to describe the future HR function which has implications for its role, its structure, the required capability of its staff, the role of the HR Director and the cost of delivery. These models are shown in the figure below

Potential future models of the GGC HR function
The following describes each model
5.1.1 The Intelligent HR Function (Proactive – High Patient Focus)

The main features of this HR model would be

- Focus on long term, strategic
- Informed by evidence
- High value
- High complexity
- Outcome driven
- Local input
- External focus
- Innovative
- Informing and supporting organisational change

**Content:** Strategic Role; workforce planning and succession planning, strong analytic function, governance and policy development, recruitment, staff learning and development, employee relations, local business partners as required. HR/OD consultancy services

**Structure:** Hybrid, with a centralised core of expertise in strategic functions e.g. Centres of Expertise covering subjects such as People strategy and policy development, workforce planning, HR analytics, learning and development and common services e.g. employee records. Local operational HR business partners as required e.g. site based, directorate based and care pathways based carrying out case-work. Strong HR Director role with highly developed stakeholder management capability.
5.1.2 Lean HR – (Proactive – Internal Cost Focus)

The main features of this HR model would be

- Focus on Process
- Data and analytics driven
- Efficiency
- Simplified HR processes
- Workforce planning
- Standardised HR processes across GGCNHS
- Shared Common Services – Transactional HR functions, Payroll, etc.
- Line manager accountability for people management and delivery of HR processes

**Content:** Governance and policy development, HR processes simplified and common across the entire organisation carried out primarily by line managers who remain accountable. Slimmed down recruitment, staff learning and development, employee relations, supplied as a just in time resource, negotiated directly with the various sites/functions.

**Structure:** Simple set of centralised core common services and HR expertise e.g. employee records, learning and development, workforce planning and analytics linked to current planning functions. Peripatetic small team of HR business partners shared across the entire organisation as required e.g. site based, directorate based and care pathways based. In this structure the role of the Head of HR is one that focuses on measurement, statistical analysis and the constant development of systems and processes across the HR functions that deliver value for money in GGCNHS
5.1.3 HR Guardian/Police - (Reactive – Internal Cost Focus)

The main features of this HR model would be

- Focus on Efficiency
- Low value
- Simplified HR processes
- Governance and policing of standardised HR processes across GGCNHS
- Shared Common Services – transactional HR functions, payroll, etc.
- Line manager accountability for people management and delivery of HR processes
- Services/advice centre approach - possibly outsourced

**Content:** Limited range of HR across the entire organisation carried out primarily by line managers who remain accountable for all aspects of people management. HR officers act mainly as “cops” policing the delivery of HR policies by the line managers.

**Structure:** Simple set of centralised core common services and HR expertise e.g. employee records, learning and development, minimal workforce planning and development. HR officers based centrally and respond to issues across the organisation as required on a case by case basis e.g. site based, directorate based and care pathways based carrying out case-work. In this structure the role of the Head of HR is likely to be one of a more operational general manager with an employee relations bias.
5.1.4 Flexible HR - (Reactive – High Patient Focus)

The main features of this HR model would be

- Focus is operational
- Distributed HR function
- HR policies interpreted locally
- Inconsistent and variable
- HR generalists dealing with emerging HR issues
- HR run by GMs on site, at geographical locations or within care pathways
- Little corporate strategic resource if any
- Specialist HR support either recruited locally or bought in

**Content:** Variable range of HR services across the entire organisation determined by local requirements as requested by line managers. HR generalist provide a range of services

**Structure:** Distributed and run locally. Few if any centralised HR functions and strategic resources. There is unlikely to be a requirement for a Corporate HR Director but possibly a Corporate HR Administration Manager covering common HR services. High level HR expertise brought in as required from external sources or recruited locally in response to local demand

5.2 Implications for the role of HR

The options for HR developed above can been seen in the context of the much used Ulrich model which outlines four key roles as shown below (not to be confused with the so called Ulrich’s structure model with its three organisational legs - shared services, centres of expertise and business partners). Each of the above options places a different emphasis on these roles and would therefore carry a different balance in terms of staffing and capability.
5.2.1 Role Implications: Intelligent HR

The emphasis would be on the change agent capability to support the organisation in its continuing response to patient demand with a similar focus on the role of strategic partner and provision of processes that inform the strategic use of people resources across the entire organisation and its various specialist functions, as illustrated below.

As such the main activities of HR would be aligning HR and business strategy providing organisational diagnosis about impact of business strategy on people and supporting the management of transformational change by ensuring the capacity for change.
5.2.2 Role Implications: Lean HR

The emphasis would be the role of strategic partner and provision of processes that inform the strategic use of people resources across the entire organisation and its various specialist functions as well as lean internal and external systems to support the delivery of a cost effective delivery system, as illustrated below.

Here again the main activities of HR would be aligning HR and business strategy providing organisational diagnosis about impact of business strategy on people but would include the reengineering of organisational process and potentially the use of shared services to improve efficiencies.
5.2.3 Role Implications: HR Guardian / Police

The emphasis would be on the more operational and day to day focus with the creation of common policies and practices and administrative processes that run across the organisation and are monitored and policed by HR. There would be limited strategic involvement and little or no involvement in the role of change agent except perhaps in rolling out new policies and procedures.

Thus the main activities would be on reengineering organisational processes and improving efficiencies again with the potential use of shared services but coupled with activities linked to listening to and responding to employees and providing employee resources.
5.2.4 Role Implications: Flexible HR

The emphasis would again be on the more operational and day-to-day focus but a more people focussed approach. In this model there would be a more generalist employee relations support function which would try to act as a local change agent in responding to the people issues around the organisation’s response to the demands of the patient population.

Here HR’s main activities would be linked to listening to and responding to employees and providing employee resources. However, this would also be linked to supporting the management of transformational change by ensuring the capacity for change.
5.3 The current HR function in GGCNHS

In considering how the current HR function in NHS Greater Glasgow and Clyde fits these models we would say that it falls between the approaches characterised by the Flexible HR option and that of Guardian/Police in that there is a range of generalist HR professionals distributed around the devolved organisation. However as the current OD function operates outside of the current HR structure there is limited activity in the Change Agent role.

As the current OD/Change functions operate outside of the HR structure and there seems to be limited proactive strategic engagement with external challenges it appears that the Change Agent role has not been embraced. If this impression is correct it implies that the HR function cannot be represented as fulfilling the Intelligent HR model. Similarly, there is little focus on reengineering processes and there is limited commitment or appetite for a shared services approach beyond those centralised at present to increase efficiency in the HR infrastructure. This suggests it is not operating the Lean HR model either.

It can also be seen that currently, while ultimately highly responsive to the varying needs of the organisation as it responds to patient demands and requirements, the outcomes are inconsistent and variable response to HR issues.

To be effective the current model needs a range of highly skilled generalists on the ground and will tend to develop pockets of good practice that will remain localised without cross team learning and action taken to coordinate and share information. It is likely also that this approach will result in duplication of effort across the whole organisation and attempts to create a more efficient operation, while they can be achieved locally, require good IT systems and data management to create an efficient common resource that can be shared across the boundaries and at local sites.

However, this model inevitably does not focus enough of its resources in the strategic arena and therefore will only deliver relatively low operational value, focusing on immediate problem solving on HR issues without generating double loop learning, i.e. challenging the current HR practices and transforming the organisation to deal more effectively with the pressure created by the external environment.

To effectively cope with the challenges facing GGCNHS in terms of its people it requires a higher value HR offering and one which reflects the characteristics of the Intelligent HR approach.
6 Our proposals

Whilst the position adopted by the current HR function may well have been fit for purpose in the relative stability that has existed since 2007 and against traditional conceptions of the function’s role, we believe that this approach will not be sufficiently robust to meet future challenges.

The key findings of our review suggest that HR needs to take a more proactive stance in relation to the changes in the operating environment of GGCNHS.

The main drawback of HR’s existing approach is that it does not focus enough of its resources in the strategic arena and therefore risks delivering relatively lower value to the organisation than is needed. Concentrating on immediate problem solving of people management issues without generating double loop learning limits functional effectiveness. HR should be challenging people management practices more and helping transform the organisation to address the pressures created by the external environment.

It is our conclusion therefore that for HR to provide the required support to GGC during a period of change and effectively tackle the issues that will inevitably arise, it needs to deliver a higher value output and one which is more in alignment with the characteristics of the Intelligent HR approach.

We will now suggest what the implications of this proposal might be for the role of the function, the capability of its staff, the type of leadership it requires and its size and structure. This will be done at a high level now before the Board decides the direction of travel. More detail would then have to be added, including constructing an implementation plan. We have at this stage only sketched out two options relating to the speed of implementation.

6.1 Implications for the future HR function in GGCNHS

6.1.1 The future HR Role

To be an ‘Intelligent’ function there would need to be a shift in emphasis within HR such that there is greater attention and resources focussed on aligning HR and business strategy, providing organisational diagnosis on the impact of business strategy on people and supporting the management of transformational change by ensuring a growing organisational capacity for change. This HR function would develop and support higher value people processes such as Talent Management and Succession planning. At the next stage, we would expect to provide more detail on the processes and how they would be created/enhanced and by whom.

This is not to say that HR does not concern itself with these work areas at present, to varying degrees, but it does imply a change in focus: more time to be spent on innovative process design and less on fire fighting operational problems. To achieve this rebalancing we believe a clear shift in accountability for people management to line managers and away from HR is required. This would reinforce
the critical role played by the line manager in employee engagement and partnership in employee relations. Managers should also take greater ownership for the implementation of HR policy and procedures. Both changes are consistent with good practice in HR management and ways of working in other sectors. Improved individual case management and better local employee relations should release HR resources to work more strategically and limit staff’s involvement in the day-to-day operational issues.

If this model were to be adopted we would foresee greater attention given to strategic workforce planning and an ability to look at the wider picture. Whilst there is workforce planning activity currently taking place it does not seem to connect well with shorter term resourcing decisions. We propose that these perspectives need better integration with a balance struck between being efficient at responding to short term resource pressures and attending to longer term capability development in the light of the upcoming supply/demand challenges. A greater use of HR analytics would help assess the best way of filling resourcing gaps.

Thus, it is our view that to move forward the HR function needs to understand the “whole system” as it operates within the Board’s remit. The relationship between staff and organisational performance needs to be better defined and then acted upon especially in establishing people related risks (e.g. to the retention of key talent). The integration of Health and Social Care is a case in point where success is about the people/organisation interface, and it is more than just the NHS staff and its culture. Dealing with this development must include learning and education and staff governance that ensure delivery of clinical standards and quality outcomes, workforce planning and change, redeployment and retraining to help the NHS shape the workforce supply.

6.2 Structure of the HR function

There is no ideal design for the HR function. It will be affected by the size and complexity of the organisation, and its operating model – decentralised or centralised. As the paper on this topic (see Appendix “The Centralisation vs. Decentralisation Debate”) says “the only constant in thinking about the right organisation of HR is the advice that form should follow function and that HR should always adopt the organisation’s structure not try to lead it”.

The last point is especially important for NHS Greater Glasgow and Clyde at this time with the Acute and Partnerships reorganisations about to happen. So HR cannot finalise its structure until decisions on the wider front are known. This is relatively straightforward for Acute: if the division follows a directorate route for its structure then HR will organise around this, but likewise if it is structured around locations (i.e. a geographic approach) or a hybrid model HR will follow that decision.

The organisation of HR with respect to Partnerships is trickier in that the form of organisation is less clear, especially what the relationship with the local councils will be. The HR operation may be quite independent of its owners (health and local government) apart from governance functions retained by the respective employers,
or the pull back to NHS Greater Glasgow and Clyde and the local authorities might be quite strong. We have prepared a separate paper to consider the options for NHS Greater Glasgow and Clyde in this situation and how it might develop. This is to be found in Appendix 1.

Against this background we consider the following questions:

- Should the range of activities undertaken by HR be extended or contracted?
- What should be undertaken centrally and what should be devolved?
- What would be the size of the teams “embedded” in operating units and what would be their functions?
- What are the appropriate reporting lines?
- How will governance work in this environment?

Again we would like to stress that these are initial thoughts that would need to be tested as you move to detailed design should you endorse the direction of travel.

6.2.1 Range of activities

We tested out with stakeholders whether there should be additions or subtractions to the HR activity list. Against the suggestions made, the general response was that HR’s span of activities should remain unchanged. The only area queried was OD. Regarding the latter, stakeholders currently see a significant and unhelpful disconnect between HR and OD. While there is a divergence of view about what the relationship should be in structural terms, there is a strong consensus that OD and HR need to become much more integrated in their approach to managing change and leadership development, also suggesting that learning and education should be better linked to both HR and OD.

The argument for greater integration is threefold. Firstly, external practice tends towards the integration of the OD, HR and learning and development, brought together as organisational effectiveness. This is because practitioners borrow from the different traditions and because there is a recognition that business focus (typically an HR characteristic, or at least a desired one) and humanistic concern (a characteristic of OD practice) must form part of any change intervention. Secondly, OD was placed by NHS Greater Glasgow and Clyde in Planning and Performance for good reasons at the time, but during the next few years there is surely more of a focus on the changing organisation – culture, structure, operating methods, etc. Thirdly, HR has become and will become further involved in change management. It already is concerned with strategic execution of change but there is an argument that HR should be more involved in the analysis of problems and the design of change initiatives.

These are arguments for the breaking down of barriers between OD, HR and learning and education through better co-working and potentially structural integration. We suggest that these ideas are further explored at the next stage.
6.2.2 Common functions

For reasons of economies of scale, consolidation of scarce expertise and consistent functional direction we recommend that there should be a centralised set of common services and specialist functions, noting that some are already in place. We believe this should include generic transactional HR administrative activity, a consultancy service to support change projects and specialist HR services where a common and/or strategic perspective is required, e.g. workforce planning.

The detail of what would be included in common services would need to be worked through in some detail. It is naturally affected by decisions on HR support to Partnerships and the extent to which Acute HR teams continue to hold local HR resources.

Combining transactional activity in one place allows NHS Greater Glasgow and Clyde to engage with the national HR shared services initiative, should this be necessary at a later date.

6.2.3 Embedded HR

In the devolved structure of NHS Greater Glasgow and Clyde having some part of HR close to the business is essential. The debate is about its size, shape and remit and this has to be seen in the light of decisions made regarding common functions.

We suggest a role akin to a HR business partner, who might be called head of HR (nomenclature varies across the profession), should be required in any substantial business unit. An important task in any HR change process is to work out how many of these roles are required and whether it makes sense to have senior and junior business partners to cover the range of business units.

Their job is to make a strategic contribution and lead change within their area of responsibility. They have a governance role over people management activities in their domain and should handle complex or sensitive case work. Additionally, they would commission inputs from the specialist services.

Next comes the question of what more the embedded teams should do. We have already suggested that some administrative tasks be transferred to common services, but we think that operational HR management should remain devolved. Here being close and responsive to the business we believe trumps the possible economies of scale benefits of centralisation.

6.2.4 Reporting lines

In our view, there are arguments both ways on reporting lines regarding embedded HR. Should business partners report to business unit directors or HR directors? The risk of “going native” is greater where business unit heads are their managers and of “HR hobbyism” where business partners report directly to HR. But whichever way
the organisation has its prime reporting lines, there will be dotted lines to the other party and people management jointly owned. A matrix structure is inevitable. Organisations choose to have business partners reporting to HR Directors where they can control HR activities and address the fear that the business partners will fail to resist line pressure for local interpretation and practice leading to greater inconsistency. By contrast, line reporting has the benefit of emphasising customer responsiveness, greater flexibility to meet business units’ individual requirements.

An Intelligent HR function would have embedded HR reporting to divisional heads because it would emphasise speed and local fit over commonality. However, you need skilled business partners to perform in this way and ones who exhibit ‘enterprise first’ behaviours and other centripetal processes in place — see Governance below.

There are fewer arguments over where central HR ought to report as this is usually to the HR Director. There is an alternative that they report to a services director but this only makes sense for the administrative activities; specialist HR roles should report to the HR Director.

6.2.5 Governance

This structure should operate with stronger governance than at present and steps should be taken to ensure greater efficiencies, effectiveness and clearer accountabilities. For such a structure to work more efficiently and effectively a common set of principles need to be applied across all sites and areas and clear lines of accountability will need to be established and managers and HR staff alike will need good skills in boundary management. The HR Director role is pivotal in holding the system together.

We would also recommend that governance structures such as a Service Boards for each of the devolved HR units be put in place. These have been successfully implemented in organisations with a devolved structure and HR functions such as the Forestry Commission (see “Forestry Commission Case Study) and enable the organisation to monitor and maintain a degree of consistency and common practice across the organisation. If this idea finds favour, the composition of such boards and their remit would need to be further explored.

An integral element of governance, the Management Information System needs to provide systematic and reliable data across the whole HR function, wherever activities are undertaken. These data should be analysed and presented in such a way that business problems are highlighted, risks identified and key measures tracked. Any redesign of the HR service delivery model would need to ensure that this process is well supported.

6.2.6 Required Capability of the HR function

If NHS Greater Glasgow and Clyde were to adopt our suggested Intelligent HR model there would inevitably be some implications on the capability requirements for the
function. Detailed earlier in the report are a list of skills and competencies that stakeholders believe that HR needs, such as analytical, risk management customer management and commercial skills, and a range of personal competencies. We endorse the list.

The extent to which individual staff members would have to adjust would vary of course by role and on account of their knowledge, skills and experience. For those in specialist roles, both administrative and expert, we would expect to see a deepening of expertise. The bigger shift might be required by generalists to take a more proactive role in change management, specifically around the impact of change on people and developing readiness for change; to develop leadership capability along with improved management skills; and to make a growing strategic contribution which would come from in depth knowledge of the work of the Board in its entirety and of specific departments, as appropriate.

In addition, we believe that the function will need higher-level skills in internal consultancy especially for those in that role, if you proceed with this suggestion (and for some others) with greater rigour in defining client requirements, problem analysis and creative thinking.

We would propose that a useful task for NHS Greater Glasgow and Clyde is to undertake a skills audit of the function against the agreed HR operating model to establish where gaps might exist and establish the best means of closing any gaps.

We understand work is already underway in the Acute Division to identify development needs against the CIPD competency framework. We would urge that be continued and extended to other Board areas.

**6.2.7 Future role of the HR Director**

The recruitment of an HR Director with strong facilitation skills, stakeholder management and strategic change and OD experience in a large and complex organisation is essential to plan and oversee any shift in emphasis of the function and create the relationships and negotiate the move of capability into HR.

There are, in our view, a number of key tasks that s/he should perform, as set out below. Some are internal governance functions for HR itself; some for the organisation as a whole and some as the professionals for their population:

- Setting out the people strategy and integrating it with the organisational strategy
- Operating as the guardian of the HR operating model
- Performing the role as budget holder and resource allocator for the function
- Acting, as the board/executive committee’s principle agent, as guardian of the organisation’s values and principles
- Upholding those values and principles in its regulator or governance role
• Performing as the role as conciliator (or even arbiter) in disputes between different arms of the HR function
• Servicing the senior executive population in terms of recruitment, reward, succession planning, etc.
• Acting as a coach/mentor/critical friend to the senior team

7 Cost Implications

A move to Intelligent HR will require a significant programme of work to achieve, the pace being determined by the board’s stance on the transition options we set out in the following section. In our opinion, it would be appropriate to aim for a cost neutral end point, i.e. an HR function whose cost is broadly similar to the current state. The make up of such an HR function is likely to be different, including in the skills required – as indicated above.

Investment in learning and development for the HR team will probably be required and some initial funding in workforce planning and HR analytics infrastructure may be required. However, these costs could be offset by savings in improved operating efficiencies, reduction in duplication across the organisation, improving internal processes and reducing the need for manual data processing. Improved HR performance should also benefit NHS Greater Glasgow and Clyde in better people management and more effective resourcing, as well minimising inconsistency and more targeted efficiency savings across the workforce.

The business case for such a change is that while the investment per person is higher than at present, the overall investment in HR remains broadly similar. Moreover, the value to the organisation returned for this investment would be better and more measurable.

8 Transition Considerations

Should the Board endorse the proposed move to Intelligent HR, it should be recognised that (depending upon final design) it would be transformational for the current HR function, as it responds to the shifting context by adopting a greater focus on the roles of Change Agent and Strategic Partner as shown in the diagram. This may of necessity result in greater short term uncertainty for the HR team, but ultimately deliver higher rewards for the organisation if successful.

There is a danger that in looking at the nature of the change that is suggested for the HR function that the journey appears all too difficult and that in terms of capability and energy to undertake the required change it cannot be achieved.
In this if the vision presented is compelling it may be viewed that GGCNHS has no option but to take the leap of faith, recruit a transformational HR leader and go for a revolutionary approach. This approach of necessity will be higher risk and disruptive on the short term and thus a more gradual, evolutionary approach may be preferred with a number of interim stages.

We recognise that our recommendation to move to the “Intelligent HR” model will be daunting to the organisation as a whole and particularly for the HR function. For this reason we offer two alternative options for approaching the change:

8.1 Evolutionary, incremental change

- Long term aspiration to achieve the recommended end state, but acceptance that the capacity for change within HR and of the organisation as a whole, given its own change agenda, are limited
- Pace of change determined at board level and sensitive to / designed around business change priorities
- Lower overall risk to the organisation
- Slower release of benefits and greater risk of no financial benefits
- Delivering a balance of outcomes more towards “Effective” than “Efficient”
- More difficult to maintain momentum, may risk being abandoned if greater priority on change is seen outside of HR
- May absorb more internal HR resource over a longer period to achieve a given end state
- In this approach we suggest a series of Quick Wins as a way to build momentum around the long term change aspirations
8.2 Transformational change

- Specific HR outcomes are prioritised, planned and delivered as a change programme designed to achieve an agreed business case
- Would need to be led by the new HR director, chosen particularly for transformational change skills and experience
- Focused around an agreed, compelling but possibly more contentious vision
- Would encounter greater stakeholder resistance than evolutionary approach and therefore require much more attention to stakeholder management
- Would realise a wider range of benefits (including financial) more quickly.
- Would achieve a balance of benefits from being more Efficient and more Effective
- May entail greater risk as would contribute to the overall change agenda and make the management of change more complex. Therefore would give rise to greater requirement for change management skills within the function

In our opinion, either approach would work; both would achieve the same end point. Our recommendation however would be for transformational change because a) momentum b) more likely to attract an HR director that would “live the vision”.
8.2.1 Management of Short Term Actions

Regardless of the choice of Evolution versus Transformation, we take the view that there are a number of initiatives that should be kicked off in the short term that are required by the organisation and would be required for either change approach. These short-term initiatives are:

- Revisit the job description and person specification of the new HR Director in light of the accepted recommendations for the function
- Undertake a skills / capability audit of the existing HR function to establish the gaps against the future model
- Create a coordinated and common HR workforce planning function reporting to the HR Director, focusing on areas of the most pressing requirement, developing analytical skills and models, etc.
- Use the new workforce planning function to inform decisions on the size, costing and shape of the future HR function once the design is agreed
- Alongside this, it is critical that building a shared people strategy with the OD/L&E functions and across the current devolved structure would be a major task in creating a shared vision and plan for moving forward
9 Appendix 1: HR support to partnerships

9.1 Introduction

Set within the context of the wider review of HR in NHS Greater Glasgow and Clyde (“GGC”), this brief paper outlines our thinking about the way in which the HR function can fulfil its enabling and governance role within the six Health and Social Care Partnerships ("HSCPs") for which GGC will share joint responsibilities with a number of local authority bodies. It explores the options and risk management issues for the future structure and activities of a transformed HR function within GGC.

Appendix 1 sets out our recommendations on how the function can best deliver a dynamic, enabling and connected support service that offers strong governance and leadership in supporting effective and efficient people management.

9.2 Current Context

HSCPs are the key mechanism for providing integrated health and social care in primary and community settings, with each HSCP able to align its way of working to discharge its responsibilities to suit its own local circumstances and populations. As a result the existing six HSCPs covered by GGC may currently be in different places in terms of their levels of integration with social care.

While this is to be expected, when attempting to integrate across services that have developed in the very different cultures of the parent organisations, the complex nature of relationships across organisations, the dual accountabilities of staff and the necessity for effective multidisciplinary working presents a managerial challenge.

The Scottish Parliament are now promoting two models of integration for HSCPs: 1) the “Body Corporate” and 2) Lead Agency, the implications of which we describe later.

9.3 Emerging Context

It is not clear when the necessary legislation to allow full integration through the formation of separate Lead Agency HSCPs will be passed. Post referendum, the picture will become clearer. If the Scottish Government is really set on health and social care integration the likelihood is that new bodies will be created. This suggests that there may be a hiatus between the current level of integration and fuller integration that may be legally enabled.

Irrespective of organisational set up, the continued budgetary pressure will undoubtedly require these partnerships to deliver improved efficiencies while continuing to provide increased levels of service as demand rises.

Savings may be more difficult to achieve given that local authorities have already seen their budgets cut and, while NHS spending “has been protected”, in many cases considerable pressure is being placed on existing resources. Thus pressures to achieve

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1 Inverclyde, Renfrewshire, East Renfrewshire, Glasgow City, East Dunbartonshire, West Dunbartonshire
improved efficiencies in workforce utilisation and productivity will put strains on Partnership managers to deliver both the quality and quantity of service demanded without the additional resources they might believe are essential.

A premium will need to be placed on the leadership and people management capability of the professionals in these HSCPs, given a backdrop across the Partnerships of:

- Ambiguity
- Complexity in governance and working arrangements
- Focus on workforce efficiency

This has a number of implications for the future HR function that we will explore below.

**9.4 Requirements for your Response to this Situation**

How should NHS Greater Glasgow and Clyde meet these challenges? We believe it is essential that GGC:

- Finds solutions that deal with today’s situation with Partnerships and for the emerging context, but which are also likely to be resilient against likely future developments, especially greater integration as a Body Corporate or Lead Agency.

- Considers whether a single approach to HR will work for all Partnerships or whether different models are needed to reflect the different situations, recognising that if there is a universal model the pace of change may well have to reflect speed of slowest mover.

- Takes into account that any proposed solution for Partnerships has to recognise the model of HR provision to Acute. It does not have to be the same model but proposals must be checked against what will be in place for the Acute service, or not.

- Fit its change plans with what Finance and other corporate functions are doing. Again the same model does not have to be used, but proposals should be checked against plans for the corporate functions.

**9.5 Partnership Forms**

Before turning to the appropriate HR response to the changing Partnership environment, it is perhaps worth reinforcing the point made earlier that integration can take a number of forms. These can be viewed along a high to low health/local government integration continuum. The more integrated, the more independent of their parents the partnerships are likely to be. The less integrated, the more power is retained by the parents.

For simplicity’s sake, we describe three stages along this integration continuum. In our opinion, it is important that the design of the new HR organisation is flexible enough to support and work successfully with partnerships in any of the forms that they may take. Indeed, the outturn may be that the six partnerships arrive at different destinations along continuum for reasons beyond the control of GGC. Our reasoning for the following analysis is to give GGC the opportunity recognise where the partners are heading and to plan its response in advance, rather than having to react to events as they unfold.
9.5.1 Limited Integration (The current situation)

The health and council parties for whatever reason have often been unable to develop more than superficial integration. This means there will be weak overall partnership governance, as power still rests with health and local authorities. There are likely to be unresolved funding issues with both ‘sides’ cautious about how joint finances will function and the willingness (or otherwise) of either party to relinquish power or resources. There may be difficulty in agreeing more than high level partnership principles and objectives so that service managers are not given a clear vision to work with.

Employees continue to be employed and ultimately managed by their ‘parent’ organisations. Effectively, if not formally, there are duplicate management processes each satisfying their own constituencies. This means dual reporting lines will continue for many staff – into health and local authority on strategic direction, governance and professional standards, as well as locally to partnership managers for day to day activities.

We believe that this nominal integration is an untenable arrangement other than for a short time. It is going to be neither politically acceptable nor will it be operationally feasible / efficient. It will fail and force the issue of whether integration really can be made to work.

9.5.2 Partial integration (The Body Corporate)

In line with the proposed legislation, within the model of the Body Corporate, employees will continue to be employed on existing terms and conditions by their existing employers. However, local integrated management teams will run the organisations. There is reference back to the parent organisations but this is by exception. This is possible because clear and agreed governance and funding structures are in place, fully supported by partners. There are shared organisational goals that have been translated into transparent working objectives on the ground.

While the Scottish Parliament see this is being sustainable, in our opinion, it may turn out to be not so easy to achieve this over the long term. This is partly because of the way that public organisations tend to seek to resolve internal disparities, uncomfortable with apparent inequities in staff treatment, and partly because with two very different parent cultures and operating models it may be difficult and costly to maintain good working relationships for a long period.

Questions that will arise include:

- How are new recruits handled: who ‘owns’ them?
- For how long can staff operate to different terms and conditions?
- How can a common culture be developed? How can organisations emerge that make the most efficient use of the available resources?

In our view, if this temporary model proves to be successful the parties may want to move to full integration. Should it prove an unsustainable or too costly to operate, then blame may be laid at the lack of effective organisational integration, potentially forcing the issue of whether HSCPs can only be made to work when set up through a Lead Agency model.
However, it could be argued that such arrangements could be made to work effectively through the use of different resourcing approaches, e.g. fixed term secondments, that allow staff to stay with the parent but work within the partnership. The point here being that there will need to be a specific management approach to sustain this in the longer term and that the GGC HR function needs to be capable of supporting / working with such arrangements.

9.5.3 Full Integration (Lead Agency)

In this model, one of the existing “parent” organisations takes sole responsibility for Health and Social Care outcomes; this could be either GGC or a local authority. Relevant staff would be transferred to the lead agency from their current employer. There will be a common management structure and agreed governance and funding arrangements. New recruits would be hired on the terms and conditions of the lead agency and other staff would migrate towards these over time.

This model is still not without its challenges, especially with respect to residual but important issues of differing professional training and standards (with reference back to professional bodies), retained connections with their original homes especially where care pathways cut across organisational boundaries. If the lead agency is GGC, the requirement for effective service governance will not diminish; it will just take other forms. It is also possible that full integration may take other forms, depending on the outcome of political debate in the future.

9.6 Conditions for Success

NHS GGC is promoting the Body Corporate model and we therefore believe the conditions required for success will include one cluster of policies and practices relating to:

- A single integrated management team
- Clear governance and funding structures fully supported by partners
- Articulated common goals and areas where parental sovereignty is retained
- Transparent decision making processes making plain which issues are reserved for parents and how exceptions to common ‘rules’ are managed
- Common job descriptions and single service delivery modes
- Sensible work allocation across and between teams, irrespective of health or local government origins
- Use of good quality data to measure performance against objectives
- Political support for the model

These conditions are absolutely necessary for a partnership to flourish and are probably not fully in place for all the proposed HSCPs as yet, but they will need to emerge through the next couple of years.
But we should not just emphasise the formal structures and processes, as there is evidence that the skills and attitudes of the key players are equally vital to success.

- Recognition by senior managers and those in oversight roles of the need to compromise
- Focus of staff on outcomes, especially for patients/clients, being less concerned with professional, organisational traditions of how things are done
- Skilful managers able to deal with and lead mixed populations of multi-disciplinary teams
- Tolerance of ambiguity by all staff, especially those with management responsibilities
- Positive staff attitudes, embracing the new model and overcoming potential obstacles

Thus the level of integration and partnership working to be achieved in the Partnerships is dependent on the capability of individuals to overcome existing hurdles and the willingness of the partnering bodies to invest time and energy in supporting their success.

Where this approach has been seen to date it appears that at an operational level the focus has been on developing managerial team leadership competencies within the cadre of NHS/Local Authority skilled professionals. Moreover, their roles have focused on improved management of the multidisciplinary teams; for example, by allocating case work and overseeing performance while taking on only the more complex cases in line with their experience. In addition, their work has concentrated on developing ways of using team capacity data to deliver services and improve performance. Examples of improved performance have been seen in the major reduction in waiting times achieved by Renfrewshire HSCP Children’s Services within one of its specialist Paediatric departments. Similarly, the successful partnership arrangements between Renfrewshire council and the NHS in the RHSCP for the Early Years project, is now becoming evident after considerable work in developing a shared understanding of the vision and building commitment to how it might work in practice, once the fundamentals were agreed and understood.

Thus, the initiative to support the development of the teams and team leadership is dependent on the beliefs, capability and insight of the local partnership bodies.

### 9.7 Impact on HR

The recommendation of the wider HR review is to create an intelligent HR function (highly patient focused and proactive in style) introduced in a transformational (as opposed to evolutionary) way. In addition, it has been broadly accepted that the HR function of the future will need to be capable of being more directive in some areas of policy and process, and more functionally segmented than has been the case in the past. This means providing HR services locally, whilst simultaneously building organisation wide capability, expertise and efficiency. Having such a dual role requires both a more sophisticated HR function and what we have called ‘intelligent clients’ able to distinguish between corporate fiat and locally controlled discretion.
If we apply this concept to the world of progressive Partnership integration, one way to think about the future corporate GGC HR function, when it is performing its local as opposed to central role, is that of a ‘service provider’, and for the Acute Division and each of the health and social care Partnerships to be potential ‘service users’. We use the term potential here as Partnerships also have relationships with local authorities, any of which for their own reasons may wish to consider themselves as potential suppliers (of at least some) HR services.

If we accept the notion of asymmetric progress towards complete integration within the Partnerships, the future GGC HR organisation will need to be flexible (one size will definitely not fit all). It follows that there will be a diverse set of service requirements on HR and that its organisational design will need to accommodate these. To achieve this, it will be necessary for each Partnership (and also the GGC Acute division) to negotiate its own service arrangements. A pre-requisite of this process will be each service user to be clear about their own ‘non-negotiables’, as well as for GGC corporate HR to set out the degrees of freedom it will be able to tolerate in HR operation. We recommend that a process of defining this balance be led by the new HR director as part of describing the how the transformed HR function would work in the likely future business environment.

The pace of progress towards greater integration within each of the Partnerships represents a planning uncertainty and therefore a risk to the HR transformation programme within GGC. Some of these risks will be common to all, being determined by the stages along the government determined partnership journey. Recognising, accommodating and managing these stages will be a critical success factor to the HR transformation programme. So establishing a risk management portfolio is essential so that the timing, probability and impact of each risk (including those arising from asymmetric integration) can be logged, and appropriate mitigation and service contingency planning are agreed.

The requirement for agreement surfaces the need for new governance arrangements for HR. It is easier to consider how this might apply in its service provision role. Our recommendation is for this intelligent client to represent the range of customer interests by way of an HR Service Delivery board, in which each of the service users and the service provider are represented, operated under a constitution set up by the GGC board. The purpose of the Service Delivery board would be to oversee the delivery of HR service against the standards agreed for each service user and to oversee the management of the risk portfolio described above. Part of this oversight would be to ensure that the management of the service is equitable and that changes to the circumstances of any individual service user do not adversely impact the service provided to the others. We recommend that this oversight would include service process management, service performance and service prioritisation, and facilitate discussion of efficiency improvement initiatives.

The key question we have attempted to answer is ‘how does HR operate in a situation where there is still a single employer but increasing pressures for devolved management?’ The Board may be accountable for outcomes but not responsible for much that goes on. We suggest that short of full independence, the HR corporate centre will need to define its own non-negotiable requirements of the partnership organisations. Below are some areas we suggest are sacrosanct:
• Adherence to the Staff Governance Standard
• Commitment to trade union partnership
• Final arbiter of appeals/disputes
• Collection of mandated data for NHS KPIs
• Employee engagement survey
• High level workforce planning

GGC HR will have to develop governance arrangements that ensure that these and any other mandated activities or processes are upheld by the Partnerships (as well as by the Acute division). This same governance structure will have to handle questions of rule interpretation and agree any exceptions to standardised process or common policies. The Service Delivery board could undertake this task though detail and circumstances of the need to refer to the Area Partnership Forum and upwards to the NHS Board will need to be worked out. However, for this to work the participants would have to be able to distinguish between compulsory and optional elements in the HR role.

9.7.1 Structure of HR

The current work of HR in the Partnerships is regarded as largely effective, although for the future it has been suggested that a more dynamic, proactive and strategic input would be welcomed. There is also evidence that line managers are able to assume greater levels of responsibility for HR matters where the HR approach is less “hands on”. In the absence of an overall People Strategy to share and initiate some of the successful interventions across the HSCPs, the sharing of learning is currently restricted. The design of any revised function needs to address these points.

There was a consensus within the Steering Group discussion that the form of the future HR organisation should follow function. Against the integration continuum described earlier, in our view it is possible to deliver an effective HR organisation can be mapped under its delivery channels:

• HR Director and Central Team
• Centres of Expertise
• Consultancy Services
• Transactional Activity

Besides these corporately provided services, as indicated in the main body of this report, we believe there still needs to be embedded HR in Acute and Partnerships. The precise division of labour has yet to be worked out between these business partners and the corporate centre: we make some suggestions in the main body of the report. In the context of Partnerships the business partner is a critical role. Not only, as with Acute, they will have to make a strategic contribution to the running of their organisation and balance corporate needs with local requirements, but also they will be the broker of the optional
services between their business colleagues and GGC corporate. These tasks will become more complex as integration develops. This suggests that it would be prudent to place staff with the experience and competence to handle these critical roles. They will have to be able to respond to local business imperatives without going native and facilitate corporate GGC requirements without being seen as fifth columnists. The skill is to be able to ensure the legitimate demands of GGC are met whilst making sure the corporate centre acknowledges local pressures. Such tensions may arise in policy development but are likely to be more testing in operational disputes. This reinforces the point about having good governance arrangements to resolve the understandable and inevitable differences of perspective. The numbers and locations of staff will need to be defined taking into account analysis of perceived supply and demand.

The table on the following page provides a number of examples of the required attributes of the future HR organisation to support differing levels of integration of health and social care partnerships.
<table>
<thead>
<tr>
<th>Attribute</th>
<th>Current Situation</th>
<th>Body Corporate</th>
<th>Lead Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance from GGC HR</td>
<td>Full, for NHS employees</td>
<td>Full, for NHS employees</td>
<td>none</td>
</tr>
<tr>
<td>Service Governance</td>
<td>Mandated</td>
<td>Mandated + elective (decided by Governance board)</td>
<td>Around services selected electively by partnership as service “customer”</td>
</tr>
<tr>
<td>Compliance to NHS orders on policy / procedure</td>
<td>Full, for NHS employees</td>
<td>Full, for NHS employees</td>
<td>Residual; for consistency in development of Professional Standards only</td>
</tr>
<tr>
<td>HR Leadership approach regarding service delivery</td>
<td>Directive</td>
<td>Collaborative</td>
<td>Tolerant</td>
</tr>
<tr>
<td>HR leadership regarding direction / control</td>
<td>Directive</td>
<td>Directive (albeit in a smaller number of areas)</td>
<td>Irrelevant</td>
</tr>
<tr>
<td>Organisational integration</td>
<td>Low</td>
<td>Inconsistent</td>
<td>High</td>
</tr>
<tr>
<td>Required management tolerance of ambiguity</td>
<td>Low</td>
<td>Emerging</td>
<td>High</td>
</tr>
<tr>
<td>Service provider relationship</td>
<td>Rule based</td>
<td>Service driven</td>
<td>Competitive; client driven</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Resource utilisation</td>
<td>Low</td>
<td>Variable</td>
<td>Optimised</td>
</tr>
<tr>
<td>Skills mix</td>
<td>Reactive to workload</td>
<td>Reactive to workload</td>
<td>Service based</td>
</tr>
<tr>
<td>Terms and conditions</td>
<td>Complex, diverse, determining resource types and levels</td>
<td>Complex, diverse, determining resource types and levels</td>
<td>Simpler, matched to requirements of organisation</td>
</tr>
<tr>
<td>Stance on Employee Relations</td>
<td>Focused on current employing entities</td>
<td>Focused on current employing entities</td>
<td>Focused on new employing entities</td>
</tr>
<tr>
<td>Attribute</td>
<td>Current Situation</td>
<td>Body Corporate</td>
<td>Lead Agency</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------------------</td>
<td>----------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Service consistency</td>
<td>Poor</td>
<td>Variable</td>
<td>Consistent</td>
</tr>
<tr>
<td>Service cost</td>
<td>Undefined</td>
<td>Known but sub optimal</td>
<td>Managed, if not optimal</td>
</tr>
<tr>
<td>Focus of governance</td>
<td>Defending parent organisation</td>
<td>Consistency</td>
<td>Service improvement and efficiency</td>
</tr>
<tr>
<td>Reference to existing parent organisations</td>
<td>Operational and frequent</td>
<td>Rarely and by exception</td>
<td>May occasionally refer back regarding consistency of development of professional standards</td>
</tr>
<tr>
<td>Service provision / sourcing</td>
<td>Existing provider arrangements</td>
<td>Existing provider arrangements</td>
<td>Most cost effective</td>
</tr>
</tbody>
</table>

The diagrams on the following pages show how HR service delivery might be structured to support the various potential positions of Partnerships on the continuum.
9.7.2 What would this mean in Practice?

So how, referring to the structural diagrams above, would HR be delivered to the HSCPs?

In the situation of the Body Corporate, each HSCP will still require a full set of services from GGC applicable to NHS employees apart from those delivered locally by the Partnership HR business partner. As health and social care integration proceeds, GGC would be need to be involved in the transition of employees to new organisations and this might well require HR Consulting and Centre of Expertise participation. At the point at which an HSCP becomes a legal employing entity, GGC HR will be engaged to provide administrative and advisory services for employees whose contract of employment transitions to a different organisation. Or where GGC is the lead organisation, it will have to review how in these circumstances it will provide services and support. Would it be the same as now, though complicated by there being a group of ex Local Authority staff on different terms and conditions, at least for the immediate future?

This situation would have been foreseen in the business risk management process and contingency planning drawn up and agreed ahead of the event. Such an approach is entirely within the domain of the ‘Intelligent HR’ function envisaged in our earlier report and would allow Partnerships to define and manage a service set unique to them and for GGC to provide those services in a planned, proactive manner.

However, it should be recognised that the HR service delivery model will in these circumstances have altered considerably from the position today. This might be less obvious for the Acute Division, although we hope that a clearer service contracting approach would benefit their users.
Appendix 2: The Centralisation vs. Decentralisation Debate

10.1 Introduction

This tussle between centralisation and decentralisation is as old as management. Thompson more than 40 years ago was describing the trade-off between efficiency and flexibility as a central ‘paradox of administration’ (cited in Raisch and Birkinshaw, 2008). It still remains one of the biggest challenges facing the HR function. On the one hand, it has to drive down cost and find ways to deliver services more cheaply than ever before. On the other hand, it has to contribute to organizational performance, now and in the future.

The answer to how best to organise the HR function has swung like a pendulum between centralisation and decentralisation. The only constant is the advice that form should follow function and that HR should always adopt the organisation’s structure not try to lead it.

There has naturally also been variation by sector and size in what has been deemed to be the optimal way of organising things. Organisations have chosen different answers as to which of the tendencies listed below they have given precedence. Crudely, using Porter’s typology of business strategy, firms that have a cost strategy have tended towards centralisation, whilst those emphasising quality or innovation are more likely to have decentralised.

![Figure 14 Factors influencing the governance model](image)

Firms that follow a business model that requires machine like order with clear lines of authority and well defined tasks, managed through a command and control decision making process will favour centralisation. Those organisations that think in terms of organisms rather than machines tend towards decentralisation as they emphasise learning, adaptability and change. The latter may be appealing during
periods of unpredictable change; the former will be more attractive where the work content remains stable irrespective of the context.

So there are arguments both ways between centralisation and decentralisation. Centralisation brings economies of scale and cost reduction, but tends to be remote from the customer. By contrast, decentralisation offers greater flexibility to meet customer requirements, but at a higher cost.

Hybrid structures seem to have the best of both worlds. Properly organised, they offer decentralised decision making where it is most necessary – at business unit level - and centralised activities where cost savings can best be achieved, e.g. with respect to administration.

The sections below we will look at the benefits and disbenefits of the different models focusing on the experience of HR.

It should be noted that the focus of this paper is on centralisation. This is because our recent experience has been dominated by the emphasis, certainly in large complex organizations, on the so-called holy trinity of consolidation, automation and standardisation, or to follow the ESSA injunction to eliminate, streamline, standardize and automate.

Briefly put, more intense and globalised competition and stock market demands have pushed companies to be both more effective and efficient. Those in the public sector have had to cope with similarly impatient government requirements for cost reduction and improved delivery. Thus there have been strong centripetal pressures in recent years that have applied to business organisation and HR organisation. The Civil Service is stripping resources from individual departments where they are seen to be common (e.g. lawyers, economists) and local authorities have entered into a wide variety of partnership arrangements to share costs. There have been mixed messages in health with shared services initiatives (especially regarding Finance in England and Wales) together with a thrust towards devolved responsibilities to NHS trusts (in England and Wales).

10.2 Centralisation
10.2.1 Why centralise?

Centralisation is largely chosen to save money but it is also in order to bring common order and coherence to the organisation through central control. As the HR director of a global UK organization told us: ‘We are one company. We have one set of customers. We have only one set of competitors. So why wouldn’t we operate in exactly the same way across the whole firm?’ As the historian Tony Judt (1997) put it in relation to the eighteenth-century enlightened despotism of Prussia and Austria, they had an ‘ide of efficient, universal administration, shorn of particularisms and driven by rational calculation and the rule of law’. Centralisation often has this feature that the corporate centre of organisations know best and the operating units should follow their lead.
10.2.2 Advantages

Viewed the HQs of large organisations (especially global corporations) the key features that centralisation of decision making can drive through include:

- **Harmonization** of people management principles, policies and practices to ensure the whole organization operates consistently and efficiently.

- **Deduplication of policies and processes.** Organisations have found that constant reinventing the wheel can be expensive and differences between business units in their HR practices are not really justified. Moreover, variety is expensive to manage especially through a shared service centre.

- **Process optimization** to improve quality and speed and to reduce costs encourages the use of common tools and the wish for common outcomes.

- **Improved data quality** to both judge HR functional performance and to identify areas where there are people management problems.

- **Greater data integration** using investment in HR systems to be able to provide management information that accurately combines personal and business data across the whole organisation.

- **Reduction in the number of transactions** achieved through business process improvement, the use of intranets and manager/employee self-service. This is deemed essential if the service delivery model is going to operate successfully since if there are too many transactions the shared service centre cannot cope.

- **Creation of organisational binding mechanisms.** Through the intranet and more recently social media, the organisation can communicate the brand, the organizational values, the culture, as well as the HR information.

- **Secure adherence to regulatory requirements** This applies to a surprisingly large number of stipulations that cover a range from health and safety rules, through training and succession processes, to employment law.

- **Adherence to leadership values** This aims to get leadership behaviour in line with corporate values to minimize the risk of deviant behaviour that might have deleterious consequences for the organization.

- **Greater consistency of delivery** by getting everyone to follow the same quality standard. For example, using six sigma type process improvement or similar methods.

- **The need to employ fewer people to manage standard processes.** Simpler, standard processes need fewer resources devoted to them as illustrated below.

- **Simplifying processes allows rebalancing of the HR/line relationship.** If you simplify and standardize to the point that any manager can operate them, the line can take on data entry tasks from HR, without feeling so ‘dumped upon’. Moreover, line managers can take more self-responsibility for their people.

At SAP they have 783 people in non-standardized payroll for its 48,300 employees but only 78 people in Total Rewards that run the standard processes.
management decision making, relying much less on HR. Standardization achieves this indirectly through the reduction in the size of the function. Fewer HR people means they have not the time to ‘hand hold’ managers, thereby ‘transforming the function’s relationship with the line’

- **Harmonization of procurement** giving quality assurance as well as cost advantage. This is particularly applied to recruitment and learning and development processes.

- **Benchmarking to make performance more transparent**

  Organizations try to apply best practice (obtained from within the organization or from external sources) as a standard to achieve this raising of the performance bar. They can more easily benchmark performance if there is one standard.

  As Oxfam found from being a rather siloed organization and with a ‘disobedient culture’, having some common HR processes reinforces being part of the one organization across 70 countries and different businesses, and the fact that the process is the same for all helps integration because of the required consistency. Jane Cotton, HR director, has sought to tackle the mavericks that used to exist and she insists on taking a corporate view where there is a knock-on effect around the globe for example in reward (say, paying bonuses) and in change management (e.g. the treatment of redundancy).

*Siemens* has set a number of ‘principles’ over what will be determined corporately:

- Talent acquisition and branding (not the operational tasks but standards and common processes including IT application)
- Global sourcing (only for senior positions) but common succession planning process
- HR and people strategy development
- Performance management (and use of common tools – rating, 360 degree, etc.)
- Certain aspects of compensation (common for senior managers; same grade structure – values are for the local market; and the variable versus base pay mix including variation for different groups)
- Market position for benefits and pension guidelines with change requiring Management Board sign-off
- Learning – global programmes (both management and functional)
- HR performance and reporting (definition of KPIs, comparison on cost/quality internally and externally (through Saratoga) to facilitate learning and improvement rather than as a stick to beat people with
- The running of the HR function
- Its strategy, organizational structure, HR talent development
- Role in workforce planning

*Unilever*, for example, found it had 3,000 third party contracts across the world and realized the financial saving that could be made from reducing that number by aggregating buying power.
• **Corporately aligned management.** Standardized recruitment and development processes can apply a common method for selection and learning processes. The result should be a higher alignment between personal and organizational values.

• **Resource prioritization** having single control of resources permits an easier way of their prioritization to ensure that activities with the most benefit get the lion’s share of the funds available.

### 10.2.3 Disadvantages

The following have been identified from organisations that have extensively standardised and consolidated their HR operations.

• **Too stifling of improvement** Excessive central control can limit organizational learning and stunt innovation. In decentralized structures, although there is a cost of inefficiency and repetition, there is the benefit of encouraging dispersed HR teams to develop their own ideas to meet their own circumstances.

• **Too rule bound** A ‘learning company’ allows people to make mistakes through experimentation, and leaders have to accept that this is the price to pay for ultimately better performance. Standardization sends a different message that it is better not to be too imaginative and best to follow the rules of the corporate game. This might be acceptable for some roles but for others there must be a concern here about the quality of staff that would be happy with this limited discretion.

• **Too remote and impractical** Shared service centres and centres of expertise have been criticized for being too remote from the business, coming up with grandiose schemes that are expensive or unsuitable; driven more by a notion of HR best practice than by the need to solve organizational problems.

• **One size doesn’t fit all circumstances** The operating model is taken too far in applying a common approach to different types of business unit, or occupational or grade groups. There is also the likelihood this can deliver ‘stupid decisions in individual cases’. Those at the top may be ‘smart enough to realize it’s not right’. The problem is not with their good intentions but with the execution through others who follow the letter but not the spirit of what was intended.

• **Too ignorant** The implication behind standardization is that there is one right way to do things. This might be a fair reflection of the HQ view of the world, but it may not be seen as best practice from a different vantage point.

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**Oxfam** faced this dilemma, as Jane Cotton HR Director, explained in developing the HR centres of expertise she had a concern that growing HR ‘professionalism’ would ‘stifle passion and innovation’ elsewhere in the organization. So it has opted for the minimum necessary convergence because the organization employs ‘passionate’ people, who tend to be anti-bureaucratic and are not good at filling in forms. So HR policies tend to be ‘light on process.’ As they found, you can move from rules to guidelines and frameworks once you have the confidence that you have that managers will not abuse their responsibilities and can be trusted to make sound decisions that acknowledge corporate imperatives and yet meet local operational demands.
• **Demand creep and failure** of common systems can drive up costs unexpectedly. You think that contact centres (and employee self service) should reduce expenditure, but according to critics the economies of scale benefits may be outweighed by generating traffic that did not exist before (managers just got on with making decisions without the opportunity to check/confirm with the contact centre) and failure demand (the complexity of the process creates its own inefficiencies. So centralising processes may end up costing more money if all cost, especially time, factors are included.

• **Inflexibility to change** If standardization is pushed because of a certain set of circumstances (recession, acquisition, brand damage, etc.), the danger is that the solution is institutionalized though the problem has changed. In fast moving business situations, HR’s approach might not keep up.

• **Increasing risks rather than reducing them**! If you disempower managers, they will take no responsibility for what they do. They will simply delegate problems upwards for resolution. This can create a logjam whereby those at the top are faced with either stasis or making decisions under pressure and with inadequate information, especially in relation to remote operations. Unless the leadership is blessed with the requisite knowledge and experience it may make default decisions based on its narrow understanding of the world.

### 10.3 Decentralisation

#### 10.3.1 Why decentralise?

Decentralisation offers greater organisational flexibility to meet changing business requirements and to acknowledge differences in business units or customer requirements. It limits the power of the corporate centre over policies and procedures to increase local accountability - stripping out bureaucracy, producing faster decision making, more attuned to business needs.

Handy (1992), for example, talked about the benefits of the ‘federal’ company that in his view would deal effectively with the paradoxes of power and control by ‘encouraging power within bounds’. He took the optimistic view that people will act in the common interest if they are well informed and educated. He thought movement in this direction was inevitable because he was critical of the centralizing power of bureaucracy with its inefficiencies and idiocies. In his view power ought to be exercised at lowest possible point in the hierarchy. Indeed, this position is consistent with the long-standing critique of the UK’s relationship with the EU and say the Major government’s belief in ‘subsidiarity’ within the EU.

This is what E.ON discovered. Its HR services department brought in consultants to look at a number of people management processes. They concluded that some automated processes were unsuitable. In some cases people were dealing with questions through the intranet, by phone and then by e-mail either because their question had not been dealt with properly the first time round or the engagement method was unsuitable for the nature of the issue.
These days the decentralised mode of management seems to be seen most in organisations that by virtue of their business model allow a lot of local decision making freedom to their various business units. This is chosen where it is really the only sensible course open to the firm because of the heterogeneity of its operations, be that from a geographical or product perspective. For example, Tata behaves in this way within its original structure but also with its acquired businesses like Jaguar Rover or Tetley Tea, or with its subsidiaries like Tata Consultancy Services. The corporate centre’s role has been described as ‘minimalist’ with an HR operating model that is ‘persuasive, inclusive and enabling. It’s about unifying, not uniformity. It’s about frameworks, not specifics’ (Chubb, 2008). Other similarly structured organisations say they ‘empower’ the local HR teams and accept very different practices based on different cultural norms of the local populations.

The decentralised mode is frequently seen in Asian companies, especially those that are still family owned. This is because they are under less pressure to deliver short-term financial benefits. Companies in their entrepreneurial growth phase tend to operate with few controls. Once organizations reach a certain level of maturity they may be prepared to put in place a proper HR governance structure, creating processes and procedures that aim to surface risks and liabilities. Similarly, FMCG companies want speed and flexibility to respond to business opportunities and allow innovation to develop.

So in summary, decentralisation is found in situations where the organisation is very diversified in operational terms without the need for a unifying purpose and/or values where speed of response and creativity are important rather than order and due process.

10.3.2 Advantages

Innovation  It can be argued that innovative improvements to organisational improvement come from having the space to experiment and learn. Decentralised organisations should give this process more chance to develop because there is no stifling conformity to corporate centre rules.

- Agility  Being fleet of foot is a desirable business aim and is achieved by empowering local managers to respond to their own organisational challenges without having to seek corporate permission.

- Segmentation  The greater the diversity of customers the greater the requirement for segmentation. Organising to reflect your different customers (rather than to suit producer interests) is possible through a decentralised model because it allows alignment with customer populations.

- Customer service  The argument here is that speedy and creative responses that meet their particular needs are what customers want and decentralisation offers this possibility for the reasons listed above.
10.3.3 Disadvantages

The academic view of, say, 5–10 years ago was that decentralisation would become the norm. As it was described, networks would replace hierarchies, ‘horizontal commitment’ would replace ‘vertical control’. The role of the corporate centre would then become one of ‘stewardship’ (interestingly the new buzz word at the Department of Health), integrating local initiatives and building a shared mind-set through creating ‘a climate of trust and collaboration’. Ideas would then not only flow from the HQ outwards, or indeed from business units to the centre, but from business unit to business unit.

In this view HR in the corporate office would similarly become a ‘broker’ between localization demands and corporate consistency requirements. Its functional added value coming from managing a ‘delicate balance’ between these perspectives (Sparrow et al).

Why this has not happened is largely attributable to cost but also the desire for reputational control especially in the context of increasingly taxing regulation. Thus disadvantages are listed here that are not a simple obverse of the advantages of centralisation.

- **Resourcing inefficiency.** Companies found that in decentralised organisations there was plenty of resourcing inefficiency – recruitment in one unit in ignorance of redundancy in another.

- **Exposure to risk.** All organisations would want to be certain that data is secure and data protection rules are enforced. (Indeed, Shell has just appointed an Information Officer in HR to do this.) Many private sector companies need to ensure that they are Sarbanes Oxley compliant. Others wish to protect against individual error or behaviour. Within health, Winterbourne View and Mid Staffs trust demonstrate the risk of failing to manage organisational performance properly. Some organisations take the view that they are more exposed to these risks if decision-making is too devolved.

- **Damage to organizational coherence.** There is a real drive by many organizations to create a single sense of organizational belonging. Some organisations think that this has to be achieved through standardization of everything possible.

- **Cost** There is a powerful argument that decentralisation is more expensive than centralisation because of the risk of duplication, inefficiencies in resourcing and the expense of coordination.

10.4 Hybrids

10.4.1 What are they?

Hybrid organisations seek the best of both worlds. Their aim is to balance, on the one hand, business alignment and consistency with, on the other hand, responsiveness to local conditions, thereby allowing the ‘special things a country [operation] must do’ to meet its needs.
People are aware that there are ‘risks in going too far in either direction’.

10.4.2 Why choose this approach?

Some management practitioners want to resolve the dichotomy described earlier. Raisch and Birkinshaw (2008) offer the notion of an ‘ambidextrous’ organization, where this tension between the efficiency aim to meet demands of today’s business (through standardization and centralization) and the flexibility requirement (through autonomy and exploration) to adapt to future needs is addressed. In trying to answer this same question Roberts (2004) applies the economic concept of ‘complementarity’ to deal with the limitations of being forced to decide between ‘tight and loose coupling’. Complementarity is used to describe how managers need to make the right choices in the light of the internal and external environment. Rather like Handy’s optimism, Roberts suggests that if managers choose correctly they can achieve benefits to both the aims of flexibility and commonality. Global companies tend to see this as offering reconciliation of the tensions between integration and differentiation. Indeed, the term ‘glocal’ has been used to describe the ‘think global, act local’ dictum.

10.4.3 The reality in HR

The ‘new’ HR operating model with its three legs of shared services, centres of expertise and business partners, emerged as HR sought to change its role, driven partly by the wish to be more business relevant, adding value at the strategic level, and by real change in the context within which it has had to operate.

The ‘new’ model claims achieve these aims and create the ideal structure balancing centralisation and decentralisation through the centralising nature of shared services and centres of expertise providing common administration and policy development with business partners addressing individual operating unit issues.

In fact within HR the push towards this hybrid structure has come less from these models and more from the pressure of events (especially the financial crisis); even decentralised a companies find the potential financial savings from rationalisation and standardisation very attractive.

They start with those activities where

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Before 2000 Canon Europe was, according to Massimo Macarti, HR Director for Europe, a ‘polycentric’ organization. The first European HR director was appointed in that year, but it has been only over the last three or four years that there has been a significant move towards regional harmonization. Previously, there was a great deal of variation in processes but now some common tools have been created in performance management, salary review, recruitment and workforce planning. This has developed to the point where processes and associated policies will be moved to the European centres of expertise where it does not ‘hinder service quality too much’. There are no plans to reinforce standardization of policies, processes and systems through a consolidation of transactional service delivery. Canon is committed to having a country based HR business partner to ensure that there are people on the ground.
commonality has clear cost benefits. For example, they chose to have one payroll, contact centre or HRIS with a common management information system where such integration is possible. Alternatively, they combine such common activities as learning and development and OD consultancy (as the Civil Service did) which are easier targets in a diversified business.

Some claim that this HR operating model that finds a middle ground between decentralization and centralization, and are confident that it will last precisely because it is a compromise.

In practice, the cost driver has prevailed and HR has struggled with being more strategic partly because of the failure to communicate a vision of what strategic means and partly due to capability shortfalls. HR might have become more efficient but not necessarily more effective.

10.5 Conclusion

As pointed out by Martin and Hettrick (2006) ‘there is rarely one best way of doing anything, whether it is governing world affairs, organising economies, playing football or managing international businesses’. Moreover, Jing Wang might be right to say, ‘no model is perfect’ and right to advise that ‘you have to be an optimist and believe any model can be made to work if you devote positive energy to deal with any frustrations that arise’. However, one can say that some organisations really do not have to think that hard as to whether to centralise or decentralise their organisation as the answer should be clear-cut. Some companies like Tata have no choice but to operate a decentralised model; whereas other firms benefit financially from pulling things together that centralisation is the only sensible option. The table below gives an idea of the likely choices organisations will make.
<table>
<thead>
<tr>
<th>Business structure/HR transformation response</th>
<th>Single business activity</th>
<th>Holding company for diversified business activities</th>
<th>Integrated company with diversified business activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation</td>
<td>Largely unnecessary unless company operates from multiple locations</td>
<td>Hard to justify across business units if very different business processes</td>
<td>Key element in developing ‘one company’ philosophy</td>
</tr>
<tr>
<td>Automation</td>
<td>High benefits because should have common processes</td>
<td>Business case may be difficult to win but high e-HR investment costs argues for cross-business unit investments</td>
<td>Strong investment case, part of integration argument</td>
</tr>
<tr>
<td>Standardization</td>
<td>No reason not to have common processes</td>
<td>Difficult to achieve across business units but should be achieved within business units</td>
<td>Essential for shared services to be effective, but question of how far to go given business differences</td>
</tr>
</tbody>
</table>

For the rest they will have more scope to decide where they would want to situation on the continuum below.

The corporate centre determines both the nature of the policy or practice and how it will be implemented. Specified requirements on policies and practices, with the corporate centre helping their implementation. Statements of requirements made by the corporate centre in broad terms but allowing scope for operating companies to decide on how they implement. Enabling frameworks and principles, with operating companies free to choose their approach.

Here the role of the corporate centre is critical. It could see itself as an enabling body, providing frameworks and guidelines to assist operational units settle their affairs. Its approach could be to determine the ‘what’ the organization should be doing but leave business units and locations free to determine the ‘how’ they implement. More actively, the corporate centre could facilitate operational units’ choices in deciding how to operate the HR model – e.g. how far and how fast to drive towards a global service delivery model or a common talent management approach. Finally, it could dictate to business units and locations how they operate.

In making their decision, we would suggest
• Adopting an engaging and if possible consensual approach to deciding the best approach
• Mapping what should be tight and what loose in organisational terms
• Assessing the cost/benefit of centralisation and decentralisation
• Deciding on the level of granularity in setting out these conditions.

For those that opt for centralisation, we suggest:

• Considering whether there are organisational exceptions to the control of HQ (by virtue of size or distinct type of operation or customer)
• Deciding on process owners such that the whole organisation knows who is accountable for what policy area
• Establishing an exceptions process to determine when a business unit can deviate from corporately determined rules
• Considering whether to start tight and gradually loosen the approach

For decentralising organisations we suggest considering

• Which principles, values etc. are uniform for the organisation irrespective of business activity
• What method of risk identification will be in force so that risks are surfaced and considered
• What systems of communication will be established to ensure that different business units know what colleagues are doing
• Agreeing a common resource prioritisation method so that the money and people go to the right place.

There is no ideal design for the HR corporate centre. It will be affected by the size and complexity of the organisation, and its operating model – decentralised or centralised. There are, however, in our view a number of key tasks that it should perform, as set out below. Some are internal governance functions for HR itself; some for the organisation as a whole and some as the professionals for their population:

• Setting out the HR strategy and integrating it the organisational strategy
• Operating as the guardian of the HR operating model
• Performing the role as budget holder and resource allocator for the function
• Acting, as the board/executive committee’s principle agent, as guardian of the organisation’s values and principles
• Upholding those values and principles in its regulator or governance role
• Performing as the role as conciliator (or even arbiter) in disputes between different arms of the HR function
• Servicing the senior executive population in terms of recruitment, reward, succession planning, etc.
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11 Appendix 3: One to One Interviews

**Senior Stakeholders**
- Ian Reid
- John McCarthy
- Robert Calderwood (input from Steering Group meetings)
- Andrew Robertson
- Lyndsay Lauder
- Sybil Canavan
- Anne MacPherson
- Kenneth Fleming
- Raymond Rose
- Rosslyn Crockett
- Jennifer Armstrong
- Catriona Renfrew
- Andy Carter
- Ally McLaws
- Grant Archibald
- Paul James
- Anne Hawkins

**Staff Side representation**
- Matt McLaughlin - Unison
- Donald Sime
- Rob Gray (BMA)
- Anne Thomson (RCN)
- Ian Forbes – Unite
- Area Partnership Forum 13th November
12 Appendix 4: HR Survey Question set used for the interviews

1 What should be the purpose of HR (to serve/support, deliver services, challenge, advise, facilitate, coach etc.)?

2 In what way is this done – risk management, governance, strategic input, operational delivery, change management, administrative support?

3 What areas should HR cover? As now? Plus payroll, OD, anything else?

4 What should HR’s structure be – centralised/decentralised and in relation to content and geography?

5 What should GGC’s response be to NHS Scotland shared services on the spectrum from full integration to complete uninvolvement?

6 What do you see as the implications of a) hospital restructuring and b) health and social care integration on HR – wide view of ‘implications’: size, shape, customers, roles, culture, etc.?

7 What will HR have to do to help make hospital restructuring and health and social care integration successfully happen? Probe on culture as well as more tangible, practical things.

8 How would you describe the current culture of HR? Will it need to alter in the future in the context of these changes?

9 How well equipped is HR to be able to deliver in the future given the change in context? Really a question of the knowledge, skills and experience of the HR team, but also its disposition/attitude.

10 Do you think there are areas in which HR could become more efficient? If so, what are they?
13 Appendix 5: The HR Surveys

13.1 The Survey Questions for HR Employees

**Sections**

**Effectiveness of support for the organisation**

**HR Services**

- HR develops policies and strategies that support our business objectives
- Information on HR policies and procedures is clear
- HR gives good advice to employees
- HR gives good advice to line managers
- HR gets the basics right (administration of contracts, payroll etc.)
- In times of change HR provides good support to the organisation
- HR provides good support to managers in dealing with difficult people or situations
- Overall, managers are satisfied with the quality of HR services

How effective do you think HR is in supporting the following activities?

- Areas of HR work
- Performance management
- Recognition and reward
- Learning and development
- Recruitment and selection
- Employee relations
- Workforce planning
- Job design
- Contribution to service improvement
- Staff records and information
- Promoting equal opportunities and diversity
- Leadership development

To what extent do you agree that people in HR show the following characteristics?

Our HR people are:

- Expert
- Reliable
- Approachable
- Easy to get hold of
Review of the Human Resources Function within NHS Greater Glasgow and Clyde

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- Well-informed
- Professional
- Trustworthy
- Responsive
- Understanding of business needs
- Understanding of employee needs
- Innovative
- Helpful
- Open to new ideas or suggestions from staff

**To what extent do you think that each of the following statement is true?**

**Currently, our HR function..**

- Is fair in dealing with people
- Protects employee interests
- Gives me the opportunity to say what I think of its services
- Values staff feedback on its services
- Is improving its services
- Helps me perform my job well
- Uses technology effectively to provide staff with information
- Is knowledgeable of best practice in HR
- Is a real strategic partner in the organisation
- Makes an important contribution to the organisation

**Required attributes of HR**

**Related to the previous question, please rate how important you feel is it that our HR function in the future:**

- Is fair in dealing with people
- Protects employee interests
- Gives employees the opportunity to say what they think of its services
- Values staff feedback on its services
- Is improving its services
- Helps employees perform their job well
- Uses technology effectively to provide staff with information
- Is a real strategic partner in the organisation
- Makes an important contribution to the organisation
To what extent do you agree with the following statements?
Senior managers understand the role of HR
- HR consistently delivers against expectations
- I believe HR knows the greatest challenges relating to the workforce today and in the future
- HR is able to show managers the return on investment implications of the people-related decisions they make
- On the whole, individual behaviours align with our organisational values
- HR plays a significant role in changing organisational values and culture
- HR is a strategic value adding function rather than a cost centre
- HR has a significant influence on strategic planning decisions

About the respondent
- Gender
- Age range
- Grade
- Number of complete years employed by organisation
- Number of complete years in current role

### 13.2 The Survey of Senior Managers

#### Sections

#### Effectiveness of HR support for the organisation

**HR Services**
- HR develop policies and strategies that support our business objectives
- Information on HR policies and procedures is clear
- HR give good advice to employees
- HR give good advice to line managers
- HR gets the basics right (administration of contracts, payroll etc.)
- I am well supported by HR in times of change
- I am well supported by HR in dealing with difficult people or situations
- Overall, I am satisfied with the quality of HR services

**How effective do you think HR is in supporting the following activities?**

**Areas of HR work**
- Performance management
- Recognition and reward
- Learning and development
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- Recruitment and selection
- Employee relations
- Workforce planning
- Job design
- Contribution to service improvement
- Staff records and information
- Promoting equal opportunities and diversity
- Leadership development

To what extent do you agree that people in HR show the following characteristics?

Our HR people are:
- Expert
- Reliable
- Approachable
- Easy to get hold of
- Well-informed
- Professional
- Trustworthy
- Responsive
- Understanding of business needs
- Understanding of employee needs
- Innovative
- Helpful
- Open to new ideas or suggestions from staff
To what extent do you think that each of the following statement is true?

**Currently, our HR function..**
- Is fair in dealing with people
- Protects employee interests
- Gives me the opportunity to say what I think of its services
- Values staff feedback on its services
- Is improving its services
- Helps me perform my job well
- Uses technology effectively to provide staff with information
- Is knowledgeable of best practice in HR
- Is a real strategic partner in the organisation
- Makes an important contribution to the organisation

**Required attributes of HR**

Related to the previous question, please rate how important you feel is it that our HR function in the future:
- Is fair in dealing with people
- Protects employee interests
- Gives me the opportunity to say what I think of its services
- Values staff feedback on its services
- Is improving its services
- Helps me perform my job well
- Uses technology effectively to provide staff with information
- Is a real strategic partner in the organisation
- Makes an important contribution to the organisation

To what extent do you agree with the following statements?

As a senior manager, I understand what the HR role is
- HR consistently deliver against expectations
- I believe HR knows the greatest challenges relating to the workforce today and in the future
- HR is able to show me the return on investment implications of the people-related decisions I make
- On the whole, individual behaviours align with our organisational values
- HR plays a significant role in changing organisational values and culture
- HR operates consistently across the organisation
- HR is a strategic value adding function rather than a cost centre
HR has a significant influence on our strategic planning decisions

Information about the respondent
- Gender
- Age range
- Number of staff within the function that I manage
- Number of complete years employed by organisation
- Number of complete years in current role
- Directorate

14 Appendix 6: HR Focus Group Outputs

Group 1
Date: 24th October 2013
Time: 10:00

14.1 Effectiveness of support for the organisation – Group 1

- We are missing policies on people working through the People Banks
- Policies and procedures are open to interpretation; different HR people interpret different policies in different ways in different organisational settings
- Policies need to reflect the policies of NHS Scotland
- We don’t invest enough in manager’s knowledge. If we educated line managers more effectively (at induction?) they would be better able to undertake their accountabilities in HR Polices
- The process by which policies are developed and maintained is difficult, complex and time consuming
- It takes HR too long to follow up new / changed HR Policies with managers guidelines and work instructions
- HR has difficulty advising it’s own people (in People Banks) on policy and procedure
- Capability of HR staff is variable
- We need to bear in mind that HR is constrained by HR policy and by employment law; there are only so many degrees of freedom available; managers find this hard to accept on occasion
- We need to be better at managing the expectations of line managers around what HR can and will do (and what it cannot / will not do).
- The credibility of HR is dependent on the working relationships they develop and nurture with line managers. Examples include the HR Development programme and coaching within teams.
14.2 Effectiveness of HR is in supporting HR and People Management activities – Group 1

- The partnership agreement will always have a strong influence on the HR approach
- As a function we are comfortable with what we do. However, in the future, we may be called upon to put more emphasis on different things e.g. Talent Management, Succession Planning. This will be influenced by external factors such as the integration of Health and Social Care and the new Hospital.
- Note for EI: the survey was weak on Integrated Services and probably should have asked specific questions about the way that HR services are provided in that setting.
- There is very little connection between OD and Recruitments as streams of activity and there should be much tighter integration

Staff Records
- Staff Records - There is a proliferation of systems and ways of working around staff records; there is currently no “single version of the truth” HR Information System.
- eESS
  - Don’t yet really know what it will do
  - We don’t have a useful test system that represents how the production system will be
  - We don’t have any evidence for how good (or otherwise) eESS will be which means we are not yet confident in it
  - eESS won’t necessarily replace all of the legacy systems; that would mean that we will need to continue to maintain other systems / ways of working even when eESS has been implemented
  - Part of the value of eESS will be our ability to process the information that we store on it; our ability to be able to produce meaningful workforce and people management reports
  - Currently it is very difficult to get reliable information on which to base workforce planning
  - We live in hope rather than expectation about eESS!
- OD - Our working relationship with OD is too dependent on individuals; we need to work with OD in a much more integrated way. The result is that there can be duplication of activity within both groups e.g. Leadership Development in relation to Management Development

14.3 Current attributes of HR – Group 1

- We can be difficult to get hold of
• We operate multi-site but are not equipped for agile working. Many HR people do not have access to mobile phones, laptops and Wi-Fi connectivity

• Line managers want / expect HR to be physically present when they want to interact with them – there is an inevitable tension between what line managers want and what HR can offer in this respect

• HR is starting to work much more “out in the service” than being desk based in an HR department

• Expectations management with managers required?

• Too much unproductive time spent travelling between sites for HR people; directorates operate Glasgow-wide

• Expectation from managers that having emailed HR, it becomes their problem to own

• There is no SLA framework – this is contentious as some HR people feel this would be helpful, others that it would damage flexibility, could become a millstone round the neck of HR. Would need to strike a balance between customer needs and the working relationship with them. Would require more formal Quality Standards and customer expectation management

• Feeling that dealing with HR issues early can “nip them in the bud” – resolve problems before they become serious

14.4 Current Attributes of HR – Group 1

• We don’t focus enough on strategy or the future. We are currently too operationally focused

• We do too much fire-fighting and therefore it is hard to be strategic

• It is very hard to quantify the impact of the service we provide – supporting information is not available

• The current structure of HR does not help; we are aligned to operational directorates and specific projects. We need better portfolio management and more effective collaboration with other groups e.g. OD

• GGC has a “federal structure” which makes it difficult to be collaborative with our own HR colleagues

• It is easier to work at a strategic level in the Partnerships but we need better collaboration between HR across the organisation. There is a sense of not learning from each other from successes or problems

• Because of the deeply devolved structure, we are not able to fully utilise the skills we have; it would be good for personal and professional development both to share to receive learnings from others in the function

• There are examples of where collegiate working with L&E and OD is very effective but this relies more on relationships between individuals than a more cohesive approach
• It should be possible to collaborate in more strategic HR work across directorates

14.5 The attributes of HR needed for the future – Group 1

• We need to be clearer about what HR delivers, accepting that we can’t please everybody all of the time

• Better clarity around the “HR Promise”?

• Culturally in HR we do not ask our customers what they think of our service

• With this review we have the opportunity to create a “menu” of services that better fits the needs of the organisation, though there is no “one size fits all” solution

• Normally the feedback we get is about a problem and is not managed constructively

• We are not clear or consistent about who our customers are
  * Potential and new recruits
  * Hiring line managers
  * The Chief Exec
  * Service Management
  * Everybody in the organisation
  * The full GGS stakeholder map including the political dimension

14.6 Stop-Start-Continue Discussion – Group 1

<table>
<thead>
<tr>
<th>STOP</th>
<th>START</th>
<th>CONTINUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing line manager admin for Disciplinary, Grievance etc. - letters - copying - arrangements for hearings</td>
<td>Provide clarity (and indeed education to line managers) and consistency across GGC about what HR does / does not do</td>
<td>Adding value in our interactions with line managers</td>
</tr>
<tr>
<td>Return to Work interviews</td>
<td>Push back, challenge, say &quot;NO&quot; where appropriate</td>
<td></td>
</tr>
<tr>
<td>Act as lead in meetings between line managers and employees</td>
<td>Clearer Intranet content on policy and procedure</td>
<td></td>
</tr>
<tr>
<td>People Management (accountability lies with line manager)</td>
<td>Maintaining the information that will migrate onto eESS</td>
<td></td>
</tr>
<tr>
<td>Anything that eESS can do!</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-value add work with managers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Group 2
14.7 Effectiveness of support for the organisation – Group 2

- Processes are woolly; open to different interpretation by different HR people under different circumstances
  - Policies are clear, it is the practice that is woolly
- There are differences between the view of HR seen by staff side bodies
- There should be some room for interpretation of policy for different circumstances
- We need to be clearer about what we mean by the term “HR Policy” – some take a narrower or broad view of what HR covers e.g. does it include Training and Education? Recruitment?
- There will be a divergence of view between managers on what they think about the effectiveness of the HR service and this will drive some polarity in opinions expressed in the HR Survey
- There are differences in the confidence, capability and needs of line managers
- There are some managers that prefer to “hide behind” HR in dealing with difficult people management issues.
- Line managers should take advice and guidance from HR but ultimately; they should feel accountable for the decisions and actions they take in managing their people.

14.8 Effectiveness of HR is in supporting HR and People Management activities – Group 2

- HR should always have a positive stance on Employee Relations within GGC
- Manager attitudes towards HR are determined by the level of the person from whom they received support
- There are differing views with HR about it’s rôle in delivering organisational change and that of the OD function – this gives rise to potential inconsistency within HR
- We are unclear about where Management Development should sit within the organisation – HR? OD? How does it sit with Leadership Development (which is within OD)? Is this an artificial split?
- There is no single system for HR records. This makes activities requiring complex analysis of people information (e.g. Workforce Planning) extremely difficult
  - eESS does give us a good opportunity to transform our capability in managing and analysing staff information but it will only be as good as the data we put into it
  - Line managers have better staff sickness information than HR; ours can be 6 weeks out of date and is therefore of limited value
• If HR is to have a proactive rôle in managing sickness then it needs to have timely and accurate information
• Good information would allow us to make much better informed decisions about prioritisation

14.9 Current attributes of HR – Group 2
There is a limited sense that there are not enough HR people in the organisation
• HR needs to be much better set up for agile working. More people need better access to mobile technology, mobile phones and laptops with connections to GGC systems
• It is difficult to operate “away from the desk”
• Managers feel that the need to have HR physically close
• HR should be more aligned to location, rather than directorate
• Would this help with the consistency issue?
• HR in partnerships are better at agile working than their colleagues in the directorates
• One size would not fit all for the future HR structure
• Agile working makes it more difficult to
  ✴ Build capability of teams in HR
  ✴ Maintain standards
  ✴ Make professional networking effective
• HR should be more embedded in operational work teams within the organisation
• We need more structured thinking about how to make the most out of agile working

14.10 Current Attributes of HR – Group 2
• We need to find more effective ways of reflecting on the HR service that we provide
  ✴ What customers think of our service
  ✴ What channels we have for feedback
• We have historically shifted the focus from being “Personnel” to “Human Resources”
• Culture:
  ✴ We want to be proud of the service we provide
  ✴ We need to take managers with us on the future journey
  ✴ There are areas where we don’t feel we have credibility, a “license to operate” such as employee information
• We don’t have a quality management system and we don’t plan time for improvement of process and service

• We don’t have a clear / consistent HR Operating Model or an “HR Promise” to the organisation

• Our strategic input is not consistent - we operate differently in this respect in different directorates

• There are some HR Business Partners working within the partnerships but this is not part of a consistently applied HR Operating model

• Should we operate the Centres of Expertise model?

14.11 The attributes of HR needed for the future – Group 2

• It was agreed by the group that Strategy and Use of Technology came surprisingly low in the ranked, weighted distribution of attributes HR require for the future. The group felt that both attributes should be much higher rated, taking into account the discussion in the focus group

• There is a tension between the needs of HR being fair in dealing with people and the need to challenge as part of the advice and guidance rôle

  ★ Learning point for EI: add “challenging” as an attribute in the survey for current and future question sets

• HR should help managers to resolve people management issues – this is part of how we add value
### 14.12 Stop-Start-Continue Discussion – Group 2

<table>
<thead>
<tr>
<th>STOP</th>
<th>START</th>
<th>CONTINUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doing people management administration for line managers such as typing letters supporting HR procedures</td>
<td>Find more effective ways of doing things</td>
<td>Keep on top of changes in - employment law - HR policies - HR procedures</td>
</tr>
<tr>
<td>Wasting time in activities that do not add value</td>
<td>Being more proactive about service improvements and thereby releasing time</td>
<td>To build and nurture working relationships with line managers</td>
</tr>
<tr>
<td>Being too reactive</td>
<td>Digital dictation</td>
<td></td>
</tr>
<tr>
<td>Repeating ourselves (similar advice to previous issues should be put on the Intranet)</td>
<td>Building confidence of line managers to operate within policies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paying more attention to Continuous Professional Development in HR as a way to drive improvement in service and capability</td>
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<tr>
<td></td>
<td>Doing Induction training on HR policies for new managers</td>
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<tr>
<td></td>
<td>Frequently Asked Questions for managers</td>
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</tr>
</tbody>
</table>

### 15 Appendix 7: Survey Results Comparison
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Appendices

HR

Effectiveness of HR in supporting activities

Managers – Acute

Effectiveness of HR in Supporting Activities

Managers

Effectiveness of HR in Supporting Activities

Managers – Partnerships

Effectiveness of HR in Supporting Activities
Review of the Human Resources Function within NHS Greater Glasgow and Clyde

Appendices
Review of the Human Resources Function within NHS Greater Glasgow and Clyde

Appendices

**HR**

**Managers – Acute**

**Managers**

**Managers - Partnerships**

*Attitudes about the impact of HR on the wider organisation*

- Senior managers understand the role of HR.
- HR consistently delivers against expectations.
- I believe HR covers the greatest challenges relating to the workforce today and in the future.
- HR is able to show managers the actions and investment implications of the people-related decisions they make.
- On the whole, individual behaviours align with our organisational values.
- HR plays a significant role in shaping organisational values and culture.
- HR is a strategic value adding function rather than a cost centric.
- HR has a significant influence on strategic planning decisions.