GREATER**LONDON**AUTHORITY

REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD131

Title: People Services Strategy: Proposal for Organisational Change

Executive summary:

This report seeks the approval of the Deputy Mayor for Fire and Resilience for the London Fire Commissioner (LFC) to commit revenue expenditure up to £267,708 in 2021-22 and £495,410, ongoing from 2022-23, for the setting-up of Phase 1 of the proposed new operating model for the London Fire Brigade (LFB) People Services department.

The People Services department (the Human Resources (HR) and Organisational Development function) plays a fundamental role in the delivery of the LFC's ambitious transformation agenda but requires a change in its operating model as a function to achieve this.

This report sets out a proposed target operating model (TOM) for People Services, built around the introduction of an HR Business Partnering function. This widely used model delivers more efficient core HR services, and partners HR with the business to drive transformation and improve leadership capability, so that leaders can drive organisational excellence through their people and practices.

This proposal is an Invest-to-save proposal as it is anticipated that the new People Services TOM will deliver significant cashable savings over the life of the Medium-Term Financial Strategy which is at least equal to the investment requested. The Budget Submission 2022-23 includes savings to be delivered through the implementation of the People Services Strategy and TOM of £300,000 in 2023-24 and £700,000 in 2024-25.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the LFC to seek the prior approval of the Deputy Mayor before *"[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices…"*.

Decision:

That the Deputy Mayor for Fire and Resilience authorises the LFC to commit revenue expenditure of up £267,708 in 2021-22 and £495,410 ongoing from 2022-23 (subject to approval in the 2022-23 budget process), for the setting-up of Phase 1 of the proposed new operating model for LFB People Services.

Deputy Mayor for Fire and Resilience: David Bellamy on behalf of Fiona Twycross

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:	**Date:**
D. Bellamy	**15/12/21**

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

1.1 Report LFC-0560y to the London Fire Commissioner (LFC) sets out the background for the request to approve expenditure for the purpose of setting up Phase 1 of the proposal, which will assist in an expedient transition to the new operating model for the London Fire Brigade (LFB's) People Services department.

1.2 A People Services Review (PSR) was carried out in 2017 by the Assistant Commissioner, Fire Stations; and the then Interim Head of HR. The aim of the Review was to create a more people focused organisation requiring strong, professional, and credible people functions with greater synergy and connection between the people-related services, some of which were situated in departments outside HR. The report was agreed in 2018 and a People Services department created in 2018 under the Directorate of Finance and Contractual Services. A series of recommendations were subsequently implemented by the PSR Implementation Board, chaired by the Director of Finance and Contractual Services.

1.3 Following approval of the PSR, a new Assistant Director for People Services (ADPS) was appointed. One of the key recommendations falling to the new ADPS was to develop a comprehensive People Strategy that would help support the delivery of LFB's objectives and provide a professional, consistent and high-quality service.

1.4 However, following the findings in late 2019 from Phase 1 of the Grenfell Tower Inquiry and the 2018-19 inspection of LFB by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), the organisation agreed to articulate more focused strategic direction. This was partly as a result of some diagnostic work in leadership. Following on from that, development and talent processes were commissioned by the former ADPS, recognising that further progress and integration of that work was heavily dependent on clarity of strategic vision and direction of travel.

1.5 Coupled with the various areas of work identified by the LFC as requiring change and improvement, a Transformation Delivery Plan (TDP) was developed and agreed. The TDP set out the LFC's direction of travel and a range of priorities under four strategic pillars. Given that people-related priorities were already incorporated in the plan, and included the areas of leadership, development and talent, wellbeing, and diversity and inclusion (D&I) underpinning and enabling the TDP, it was not considered conducive to create a new and separate People Services Strategy at that time.

1.6 As part of the evolving transformation work, of which People Services is at the forefront, LFB has recently agreed the following four strategic priorities for the next 12 months. The People Services department leads on the first two priorities (leadership and D&I). The priority of 'Operational Excellence' sets an expectation that every department will focus on continuous improvement. The four organisational strategic priorities contained in the TDP are:

- **leadership:** we will place a premium on leadership skills and will invest in leadership at all levels

- **D&I:** we will foster and embed a culture of togetherness so that every member of staff feels respected and valued regardless of their gender, sexuality, colour of skin, race, or religion; and everyone will feel able to bring their whole self to work, feeling a sense of belonging in LFB because they can be themselves.

- **developing our long-term strategy:** our long-term strategy is to become a forward-thinking service-led organisation with communities at the heart of our delivery; our priority over the next 12 months will be to develop and launch our Community Risk Management Plan (CRMP), which covers the period of our strategy from April 2022 to March 2026

- **operational excellence:** we will build on the delivery of the Phase 1 GTI and HMICFRS recommendations and our TDP; through continuous improvement across our operational and support functions, we will strive for excellence and efficiency in all we deliver.

1.7 In addition to the above, there has been a refresh of LFB's Risk Register at corporate, directorate and departmental levels, which have been broadened, so that LFB can be confident that its risk-operating environment is being sufficiently reflected and used to inform the organisation's strategic priorities. People Services risks once again feed heavily into the People Directorate Risk Register and are responsible for nine of the current 12 risks on the register, although this work is continuously evolving and additional risks are being considered.

1.8 To ensure these risks are mitigated, the People Directorate – whose mission is to 'drive improvements in organisational capability through improving our people capability' – has also set out five clear people priorities:

- **leadership:** our people will be well led, with the leadership behavioural framework of compassion, togetherness and accountability being the means by which people are recruited, promoted and rewarded in LFB

- **training, development and talent:** our people will be well trained and developed so that they can maximise their talent and fulfil their true potential at LFB

- **safety and wellbeing:** our people will be safe and feel that their physical and mental wellbeing is supported at all times by LFB

- **employee engagement:** our people will be well informed, listened to and engaged in decisions that affect their day-to-day work at LFB

- **togetherness:** our people will be confident that, through our work on togetherness, they can bring their true, authentic selves to work every day at LFB.

1.9 All of the above priorities are either led by, or require significant contribution from, People Services. The workplan covering these priorities also includes the recent commissioning of an external review into the culture of LFB. People Services is again at the forefront of this, being at the heart of the culture and organisational development, and will need to have the capability including resources to support the implementation of any recommendations.

1.10 LFB is currently developing a new CRMP and supporting a TOM. Alongside this, LFB has also announced an external review of the culture of the organisation. Both pieces of work may result in significant organisational change for LFB. People Services must be prepared and well equipped to provide the strategic HR and organisational development service to support the effective delivery of this change.

1.11 To underpin this work, LFB has recently launched a new behavioural framework which is currently being embedded. The service that HR provides, and its working relationship with the business, must support the behaviours of togetherness, compassion and accountability. This means, for example, enabling managers to take accountability for their decisions and behave in a compassionate manner, rather than relying heavily on HR.

1.12 Given the scale of transformation at LFB, as set out above, the current ADPS (since starting in post in November 2020) has undergone a process with the department to develop a strategy and a future People Services TOM.

1.13 This work has identified many strengths to the department, but has also demonstrated that the current operating model has significant limitations in its ability to deliver the organisational priorities, and is out of kilter with best practice in HR functions across the GLA family, and in the wider public and private sectors.

1.14 It is anticipated that this investment, if approved, will deliver cashable savings over the life of the Medium Term Financial Strategy through the streamlining of key HR processes and other people-related efficiencies across the organisation. Whilst these cashable savings are not the key driver for the new People Strategy, these savings will be investigated and agreed as the implementation progresses. The Budget Submission 2022-23 includes savings to be delivered through the implementation of the People Services Strategy and TOM of £300,000 in 2023-24 and £700,000 in 2024-25. These savings are expected to be achieved following the implementation of the changes outlined in this report, as well as further developments in People Services included in the LFC Budget Submission 2022-23

2. Objectives and expected outcomes

2.1 Since January 2021, LFB's ADPS has led a process with the People Services Management Team and the wider department to develop a new strategy for the department. The high-level proposal has now been shared with staff in the department. Set out below is the current operating model for People Services, along with the principles of a new model as envisaged in the strategy.

Current operating model

2.2 LFB People Services is currently responsible for the following key functions:

- **the employee life cycle**: from recruitment outreach to processing leavers, including providing advice to staff regarding employment matters
- **advice on HR casework to managers:** including discipline, grievance and sickness absence
- **HR policies:** reviewing and formulating new policies
- **industrial relations:** working with representative bodies covering the strategic and day-to-day management of LFB's industrial relations function
- **counselling and trauma services:** contributing to mental health and wellbeing through confidential counselling; trauma prevention interventions; and mental health support and advice

- **wellbeing:** responsible for the development of a wellbeing strategy for the LFC, encompassing psychological, physical and social wellbeing support for all employees; fitness support; and tailored wellbeing advice and support

- **talent and performance:** designing and implementing processes that help support good-quality performance and talent management at LFB

- **Culture change:**

    - leadership development: creating a culture where people are well led and leadership capability is developed for all LFB's people

    - D&I: creating a culture where people can be themselves and they feel like they belong; where difference is celebrated; and where diversity improves everything LFB does

    - coaching and mentoring service: supporting our people with coaching and mentoring to improve their ability to be successful

    - learning support: helping individuals, teams and the organisation adapt around different neurodiverse learning needs

    - outreach: to attract and retain a diverse group of people, and support them to have successful, fulfilling careers within LFB

    - cultural change: providing strategic support to the organisation where issues arise to improve and change our culture

- **workforce planning/data analytics:** providing data analysis and reporting services on a wide range of People Services data.

2.3 The current operating model for the department involves a staffing headcount of 103 people divided into nine functions, primarily clustered around topic rather than skillset or customer group; and supported by a small Business Support team. All teams engage with staff, and the majority engage with line managers, directors and senior leaders.

2.4 People Services carried out a SWOT exercise against its departmental purpose and identified a number of strengths. These included the professionalism of people; implementation of automated processes; a trusted in-house counselling service; and significant progress in promoting D&I. Weaknesses centred around the department feeling separated from the business; silo working; and there being a concentration of staff allocated to process work rather than HR projects.

2.5 Importantly, it concluded that the current operating model does not serve to embed behaviours, particularly accountability, through focusing heavily on the provision of advice and decision-making around people issues, rather than the coaching of senior leaders to take ownership for people decisions.

Design principles for a People Services TOM

2.6 Following extensive consultation with staff which covered the proposed new model, the department has agreed that the purpose of People Services is to *'support the organisation to deliver its goals through its people,'* and as a result has developed a set of design principles against which the operating model will be tested.

2.7 The People Services TOM will enable People Services to*:*

- be a strategic partner to the business, advising not deciding
- deliver a seamless customer-centric service
- respond to changing priorities
- deliver tailored people projects through the use of people services that are transferrable to other organisations
- embrace increased automation, reducing transactional work and increasing project work
- build a strong reputation as a department that delivers outcomes for the business and champions better working lives
- ensure consistent application of HR policies and procedures
- empower managers and leaders to live our behaviours of compassion, accountability and togetherness
- have the right expertise to support the business such as organisational design and development, and pay and rewards.

Proposed operating model

2.8 The proposed operating model for LFB People Services is based on the Ulrich model, also known as the 'three-legged stool',[1] according to which 72 per cent of HR functions now operate.[2] The model includes the introduction of HR Business Partners (HRBPs), and is described in more detail in the appended report LFC-0560y. The image below depicts the proposed operating model for People Services, which is based upon the 'three-legged stool' but with an additional emphasis placed on the importance of data and analytics. There is increasing recognition of the importance of data in driving HR work; hence, this is a core function.

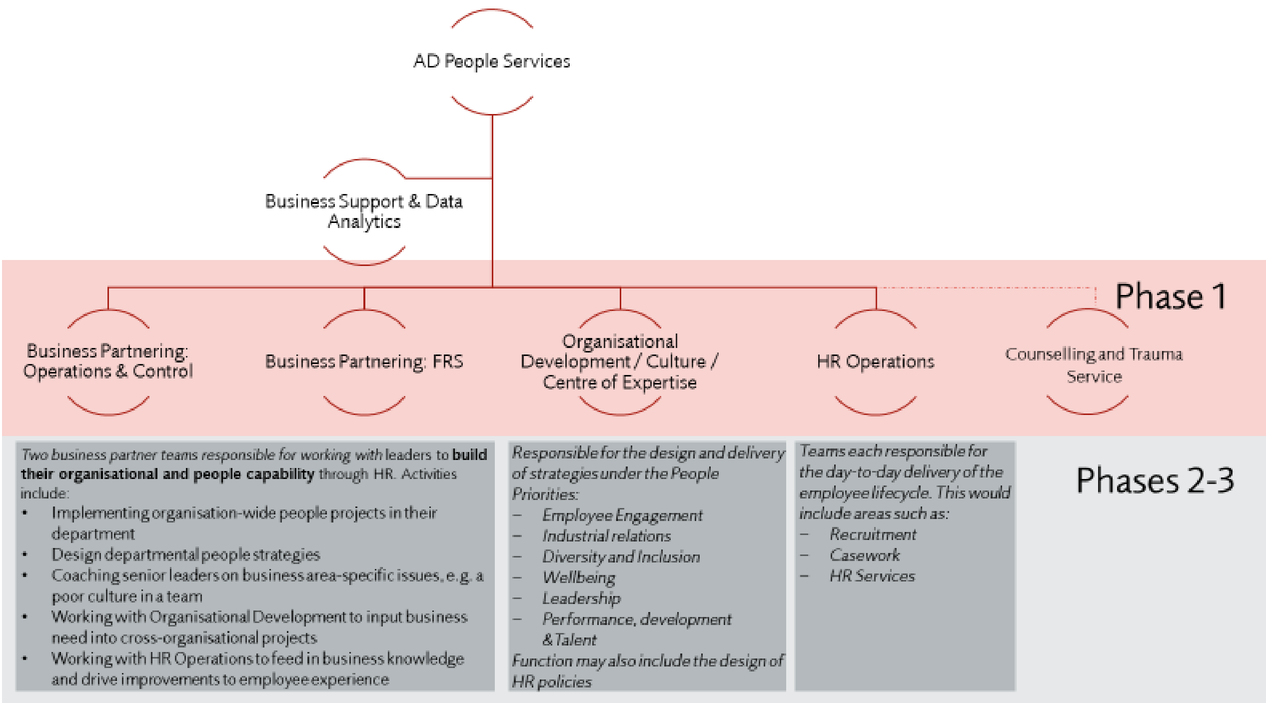
[1] A New Mandate for Human Resources, David Ulrich, *Harvard Business Review* (1998)
[2] 2021 Global Talent Trends Report: The Future of Work, Mercer (2021)

Proposed Operating Model

2.9 TOMs have several key building blocks, which are each taken in turn below. These include structure, skills, systems and governance. The focus of this paper is on the structure and skills required, given that is where the funding is required for initial change.

Structure

2.10 The current management structure of the department is set out at Appendix 1 to the appended report LFC-0560y.



2.11 If the expenditure is approved, the following high-level structure for the department is proposed. All staff in People Services, representative bodies and Equality Support Groups (ESGs) have been consulted on the proposed high level structure, which at this stage only covers the most senior posts which do not effect any existing roles. LFB have been clear that the detailed design beneath the senior posts will be determined in Phase 2, where the department, representative bodies and ESGs will be consulted again, including formal consultation where any individual role is affected.

2.12 An important feature of the proposed structure is that the HRBP team would not be responsible for dealing with HR issues regarding individuals. These would be the responsibility of HR operations, via either HR Services or a dedicated 'casework' team providing expertise in managing complex HR cases (for example, discipline, grievances).

2.13 It is proposed that this is implemented over 12-24 months in four phases:

- **Phase 1:** set-up of senior positions and HRBP teams. This would be based on an aim of 50 per cent internal appointments with development, and 50 per cent external appointments bringing HRBP experience (three to six months).
- **Phase 2:** detailed design, transitioning the department's current functions and teams to the new model. Some teams will be ready to transfer to the new structure at this point and require little or no change (e.g. data analytics, Counselling and Trauma Service CTS, recruitment) (three to six months).
- **Phase 3:** full transition of current functions to new ones, but potentially with a transition period (for example, with 'HR casework' dotted line to HRBPs and a programme of training for managers on HR policies and procedures (12 months).
- **Phase 4 (TBC):** full model is implemented.

2.14 As set out above, the actual responsibilities of an HRBP vary. As such, Phase 2 enables LFB to determine the exact responsibilities of each function and how they work together, in a manner that works best for the business.

Phase 1 details and requirements

2.15 Phase 1 will focus on recruiting to senior posts and setting up the initial business partner teams. This will provide additional resource and the required capability to enable Phase 2, which will focus on the detailed design.

2.16 Two permanent Top Management Group (TMG) C posts will be required to head up the key teams of Organisational Development and Operations. A recruitment process will be carried out and the positions will be advertised internally first. Two permanent senior HRBP roles will also be required at FRS G level; 50 per cent of the proposed HRBP roles will be advertised internally first, with development offered.

2.17 Two options have been considered regarding the new posts to be created. One option proposing just the TMG C and FRS G posts discussed in 2.16 (option 2). The other includes three additional business partner roles (option 1).

Option 1 (recommended)

2.18 In option one, seven new posts are proposed with funding being requested for six posts. This is because, as a result of the transfer of the current Deputy Assistant Commissioner (DAC) from People Services to North West Area, the ADPS has used her delegated authority to delete the existing DAC post from the People Services establishment and to create a TMG C post. This has resulted in a small saving.

- 1x TMG C Head of Organisational Development (conversion of existing DAC)
- 1xTMG C Head of HR Operations
- 1x FRS G Senior HRBP: Operations and Control
- 1x FRS G Senior HRBP, FRS
- 2 x FRS F Business Partner, Operations and Control
- 1x FRS F Business Partner, FRS

2.19 Therefore, if this option is approved, the maximum funding requested is £247,708 (based on six months) from the transformation reserve fund in 2021-22. The ongoing cost would then be £495,410 from 2022-23, which would require additional funding as part of the budget process.

2.20 This option will help establish the business partner teams and mark a significant change in direction. This is a change for the department but also for the organisation in its interaction with HR. Thus, the additional capacity will help widen understanding, and raise awareness, of how business partnering works. It also brings more external business partner capability into the organisation.

Option 2 (not recommended)

2.21 In option two, funding for three permanent key positions (i.e. 1xTMG C and 2xFRS G) would be required:

- 1x TMG C Head of Organisational Development
- 1xTMG C Head of HR Operations
- 1x FRS G Senior HRBP: Operations and Control
- 1x FRS G Senior HRBP: FRS

2.22 Therefore, the maximum funding required for option two is £143,047 (based on six months).

2.23 This option would be at a lower cost and would enable the senior business partner to shape their team. However, this option is not recommended as it would limit the impact that business partnering can make. It would thus potentially prevent business partnering from landing well in the business, as there would not be enough capacity for anyone to feel any different.

2.24 Importantly, the request for funding provides headroom for the ADPS to recruit into these roles rather than reposition existing staff. Existing staff will be strongly encouraged to apply; if they are successful, backfilling their current posts will only be considered in light of the new structure.

HRBP skills

2.25 The success of the operating model is dependent on HRBPs having the appropriate skills and training. The key traits of a business partner are that they should:

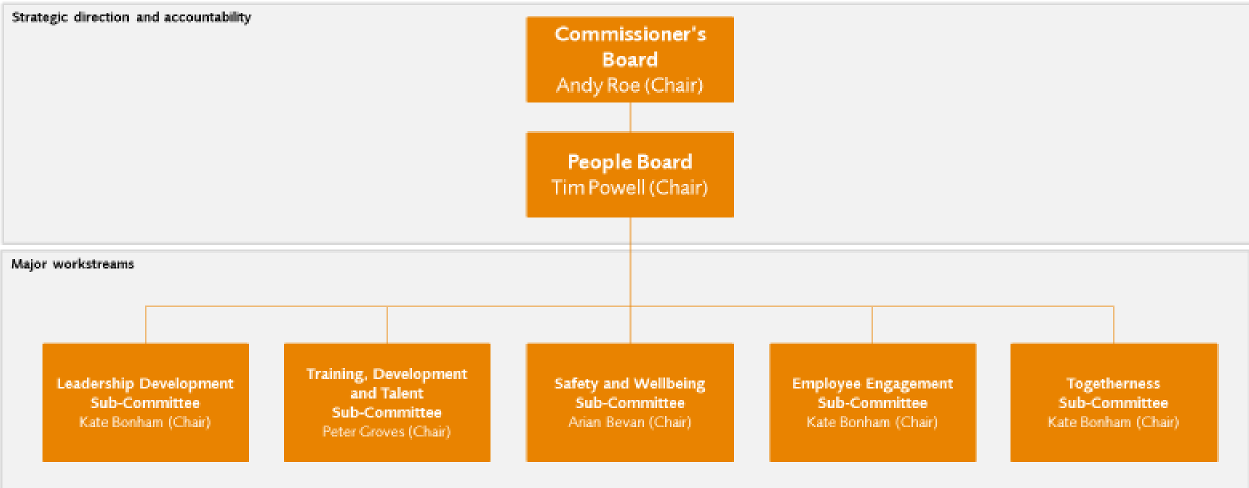
- be a trusted and equal partner
- be a critical voice and coach
- build credible knowledge and understanding of the business areas
- generate insight from data and evidence
- bring an external perspective
- be proactive and tenacious
- have generalist HR knowledge, but be able to draw on expertise

2.26 Therefore, there will need to be a focus on the development of skills across the department such as business partnering; understanding of the business; D&I; employment law; data analytics; and organisational development skills.

2.27 Funding would also be required for skills development to support business partnering, should internal candidates be successful. Initial research indicates it is likely to be in the region of £15,000 to £20,000 for 14 people without customisation; funding is being asked for this too.

Governance

2.28 Another key building block to the operating model is governance. Paragraph 1.6 of this report sets out the four key strategic people priorities for the People Directorate. Governance arrangements are in place though the People Board (chaired by the Director for People) to provide assurance to the LFC on the Board's priorities. It has also been agreed to set up five subcommittees of the People Board, as set out below, to further focus on the objective priorities of the Board.



2.29 The proposed new operating model would therefore enable the department to link directly with the business through proper and robust decision-making processes.

Systems

2.30 Robust systems are also fundamental to the People Services TOM and the department's work in delivering its priorities. Important LFC decisions have been already taken in relation to two projects that will be key to the future of People Services:

- The replacement of the current HR and payroll system is under way (the Deputy Mayor approved the expenditure in DMFD106), and implementation is due in April 2022. The new system will result in efficiencies over time with improved and increased automated processes.
- The current occupational health contract has been extended until March 2023 (LFC-0437y-D refers), giving sufficient time for the LFC to explore with TfL the possibility of providing an occupational health service to the LFC, comparable to that already received and at the same or a lower cost.

Comparators and future collaboration

2.31 The cost effectiveness of an HR function is often measured via an HR-to-employee ratio. LFB's current ratio is 1:58; with option one this would decrease to 1:54, and with the department's full indicative growth bid it would decrease to 1:49. According to Bloomberg (via the Corporate Research Forum (CRF)),[3] the rule-of-thumb ratio is 1:71, which is at an all-time high.[4] However, the CRF stressed that this should only be a guide, as the ideal ratio is so contextual. HR-to-employee ratios vary significantly depending on the size and complexity of the workforce in an organisation, and the functions that are classed as HR. In addition, organisations without an effective HR information system, leadership buy-in to the role of HR or investment in line manager development tend to have a higher ratio. Across the GLA family, ratios vary from 1:25 at the Old Oak and Park Royal Development Corporation (OPDC) to 1:292 in the Metropolitan Police Service.[5] As such, a ratio of 1:49 at this stage in LFB's transformation would not be unexpected.

2.32 All other functional bodies (apart from the very small organisations of the Old Oak and Park Royal Development Corporation, the Mayor's Office for Policing and Crime, and the London Legacy Development Corporation) have an HRBP function. In the sharing of HR services or collaboration, the HRBP function is often retained in the organisation. LFB is committed to identifying opportunities for collaboration, and the proposed People Services TOM will enable LFB to bring its structure in line with best practice, future-proofing it for forthcoming collaboration opportunities should they arise.

2.33 The benefits for leaders and senior managers, as users of this model, will be their direct access to HRBPs who will work with their leadership teams to develop departmental-specific people plans. These plans will enable leaders and senior managers to get the best from their staff. In practice this means using qualitative and quantitative workforce data and insights to design HR and organisational development solutions (such as coaching, team development and leadership training) that get to the source of people issues, as opposed to solely focusing on dealing with individual concerns as they arise.

2.34 LFB's HRBPs (including senior HRBPs) will operate at a strategic level, partnering the most senior leaders in the organisation, and are expected to have a high level of influencing skills alongside their professional expertise. They will often have to challenge the status quo at a senior level, develop novel HR solutions and contribute to departmental strategy.

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[3] Corporate Research Forum: Membership network for HR practitioners [Homepage - Corporate Research Forum (crforum.co.uk)]
2017 HR Benchmarks Report. Bloomberg [HR_WP_HR_Dept_Benchmarks_and_Analysis_062917-1.pdf (employersguardian.com)]
[4] [Maximising the value of HR business partnering], Roffey Park (2009)
[5] Taken form the GLA Group Collaboration Board Report, August 2020

Risks to implementation

2.35 Whilst research has shown that there are clear benefits of this model – namely, delivering services more efficiently and in a more standardised way, as well as positioning HR as a strategic partner to the business – the risks of business partnering are well documented in research. These are set out below, with mitigations.

<table>
<tr><th>Risk</th><th>Mitigation</th></tr>
<tr><td>HRBPs are unable to operate at a strategic level as they are drawn into support the business with individual personnel or casework matters.</td><td rowspan="2">The proposed structure clearly places the responsibility for individual HR issues with HR operations, through either HR services or a dedicated team of ‘caseworkers’ advising on complex HR matters (for example, disciplinaries).
The phased introduction over two years gives time to upskill the organisation and determine the exact HRBP responsibilities that work for the business.
The preferred option of a larger business partner team for Phase 1 signals a significant change and provides capacity to upskill the organisation
Internal candidates who are successful will be provided with development.
Wider upskilling for People Services on the role of an HRBP will be enabled.</td></tr>
<tr><td>Business leaders do not understand the role of an HRBP or have expectations inconsistent with the model. They may expect ‘their’ business partner to act as a single interface into the HR organisation, taking care of all their people needs.
This can be partly driven by a lack of HRBP capability (e.g. ‘rebadging’ as HRBPs).</td></tr>
<tr><td>The design reinforces or creates new silos across different parts of HR or the business.</td><td>The phased approach will enable us to design the exact responsibilities and interfaces between teams. This may include a ‘dotted line’ between teams in each function – for example, Wellbeing and specific teams within HR Services delivering relevant services.</td></tr>
</table>

Business case

2.36 At its core, this investment enables LFB’s HR function to move from dealing with individual HR and personnel issues, to partnering with the business to drive systemic change in terms of people. The investment means:

- getting the right people (with the right skills who represent the society we serve) in the right place at the right time, thus maximising organisational efficiency and effectiveness through higher productivity and reduced absenteeism.

- ensuring every member of staff would recommend LFB as a place to work to their family and friends (the ‘family and friends’ test), indirectly maximising efficiency and effectiveness through an engaged workforce.

2.37 This is vital if LFB is to meet the ambitions around people and culture set out earlier in the paper, and if is to be prepared to respond to the impact of the CRMP, the external review of culture, and further HMICFRS inspections.

2.38 This model achieves these aims by positioning HR as a strategic partner to the business to:

- implement initiatives developed by HR more successfully, by working with leaders to embed HR initiatives such as performance and talent into the business, feeding business knowledge and insight back to HR and into the design of such initiatives.

- Design and deliver targeted HR interventions in business areas through research and data analytics to support business need, focusing resource and expertise where it is most needed.

2.39 A detailed plan for return on investment will be determined through Phases 2 and 3. However, the ADPS is confident that there will be efficiencies over the next three to five years. Initial savings of some £150,000 are predicted in the short term, which will include HR transactional services. This is as a result of an initial review of HR services in 2019, following which a number of HR processes were streamlined.

2.40 Further efficiencies are likely to be achieved once the new HR system is implemented and the detail of these is still to be worked up.

2.41 It is envisaged that the new operating model will deliver long-term cost savings in a number of areas; and will help to reduce the current impact of directorate and departmental risks, and help the implementation of actions in LFB's HMICFRS action plan and TDP. These areas are set out below:

Activity	**Issues/facts**	**Anticipated return on investment under new** People Services **TOM**
Discipline/grievance cases (this will be covered by a new Corporate Risk on Culture Review)	In 2018-19 and 2019-20, 79 stage 2 and stage 3 discipline hearings, and 14 appeals hearings, took place 131 grievances were also raised during this time, of which 14 were withdrawn. There are seven full-time equivalent HR advisers to support the work; cases are split across the team depending on workload. The amount of resource required for a grievance case varies significantly depending on the complexity. However, as a guide, this could require 12.5 hours of combined HR adviser and manager time per case.	The implementation of LFB's TOM enables HR to work with leaders to improve the wider cultural or behavioural issues (i.e. the source of issues) in business areas. It also enables LFB to deliver the improvements to its policies and procedures in areas such as recruitment and promotions; and to improve manager capability. This all serves to improve the working environment and, hence, the numbers of grievance cases and lower-level discipline cases. It is worth noting that the majority of serious discipline cases are related to matters outside work (e.g. criminal convictions, drug misuse). As a guide, if the number of grievances decreased by half, this could save the

		organisation approximately 365.6[6] hours in HR support and management time per year.
Employment tribunals (departmental risk on HR practices and policies	In each of 2018-19 and 2019-20, 21 new claims were received. So far in 2020-21, there have been seven new cases, with a significant backlog of other cases. The cost per claim varies. Most discrimination cases are listed for around four to six days which will cost around £15,000-£20,000 to defend (including LFB lawyers, but not officer time). For lengthier cases this can cost significantly more.	As above, the implementation of this model has the potential to reduce the number of tribunals through increased resource to resolve people and/or cultural issues at source. For example, if the number of employment tribunals halved, this has the potential to save the organisation £200,000 per year.
Sickness absence (covered by directorate risk on wellbeing)	The cost of absenteeism in LFB increased from some £14,000,000 in 2018-19 to some £17,000,000 in 2019-20. This reduced slightly to some £16,000,000 in 2020-21 equating to 58,228 lost working days.	The implementation of an HRBP function enables HR to work with leaders to improve the wellbeing of staff through tackling the source of poor wellbeing. As such this should serve to reduce sickness absence levels. If sickness absence reduced by one day, it is estimated that this would save some £1,706,665 (based on staffing costs and sickness absence for 2020-21).
Leadership (directorate risk)	A lack of leadership capability has been identified as a key departmental and directorate risk due to lack of investment over a number of years. To mitigate this, £580,000 has been allocated to supervisory and middle-leader programmes over the next three years.	The implementation of the People Services TOM enables: • formal leadership programmes to be better tailored to business need and more thoroughly embedded, thus gaining greater value for money from investment in leadership courses • HRBPs to act as strategic advisers to the most senior leaders, working with leadership experts in the HR Organisational Development Team to design specific interventions to improve leadership capability in specific business areas.
Performance and talent framework action (HMICFRS action 24) (directorate risk)	A total of £80,000 has been spent on the 360-degree feedback process for the new performance framework,	The implementation of the People Services TOM would enable more effective implementation of the performance and talent framework.

[6] Corporate Research Forum: Membership network for HR practitioners [Homepage - Corporate Research Forum (crforum.co.uk)]
2017 HR Benchmarks Report. Bloomberg [HR_WP_HR_Dept_Benchmarks_and_Analysis_062917-1.pdf (employersguardian.com)]

	including consultancy support and delivering webinars to staff.	There would hence be return on that investment through: • a better understanding of the needs of the organisation and a more targeted approach to using 360-degree feedback for particular departments/ranks and grades • less reliance on external consultants for the delivery of training and briefings, as leaders would be equipped with support from HRBPs to co-deliver.
Workforce planning/succession planning (directorate risk)	This is a key departmental and directorate risk. Current workforce planning and succession planning is managed by the Establishment Board so that LFB is not exposed by having insufficient numbers of skilled staff in place – which could be further exacerbated by imminent pension changes, leading to higher numbers of staff leavers and recruitment gaps. The current pre-arranged overtime (PAO) cost for 2021-22 is £1,200,000.	The new model will ensure there is sufficient input into the business on modelling assumptions and calculations, which will lead to the development of robust succession planning processes and a talent framework model. This also has the potential to reduce the cost of PAO.
Support to trainees during apprenticeships (corporate/directorate risk led by People Services department)	This has been identified as a corporate risk. Whilst a number of controls are in place, including welfare support calls to existing firefighters in development (FFDs), immediate issue management and introduction of buddy schemes, key work is required in relation to the culture review, the FFD review and the training review (the latter two are not led by People Services); and on implementing changes to the transfer and placement processes for firefighters (including FFDs) in future.	This work crosses over a number of departments. The new model will provide a more methodical approach in terms of HR interaction and keeping the business informed, with the aim of mitigating risk.

'Friends and family' test (directorate 'True North' KPI)	Of the 137 individuals who received exit interviews between 1 January 2021 to 30 June 2021, 41.61 per cent said they would recommend LFB to friends and family; 16.06 per cent said they would not; and 42 per cent did not respond.	Implementing the People Services TOM would • allow the necessary engagement to take place to reach out to the 42 per cent of no responses and • enable the delivery of improvements to the working environment to meet LFB's aims of 100 per cent of staff recommending LFB to friends and family.

2.41 The request for initial investment will undoubtedly provide the ADPS with the headroom to build an HR function that is fit for purpose and aligned with best practice. Furthermore, whilst transitioning to the new model, the ADPS will only backfill vacancies that arise in People Services if they fit the new model to ensure that the maximum efficiencies are gained; and will commit to providing a detailed future savings plan for the 2023-24 budget planning round, once the detailed design is complete.

Alternative options considered

2.42 The ADPS has considered a non-growth option for implementing this People Services TOM. However, this is not proposed as it would require repositioning existing staff without a test of skills and capabilities in business partnering. It would also likely leave important gaps in experience and capacity elsewhere, both in areas such as HR advice and support, and our priority project work in culture change and elsewhere.

2.43 As such, this initial investment is required to implement the model properly, without resulting in significant impacts on the services the People Services provide over the next 12-24 months.

3. Equality comments

3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.

3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.

3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:

- eliminate discrimination, harassment and victimisation and other prohibited conduct

- advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it
- foster good relations between people who share a relevant protected characteristic and persons who do not share it.

3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice
- promote understanding.

3.8 The recommendations set out in this paper aim to ensure that LFB meets its legal duty set out in the Equality Act 2010 and the Public Sector Equality Duty through a number of means. Following work carried out by People Senior Management team, staff have been consulted on the proposal including the business partnering model. An equalities impact assessment (EIA) is attached at Appendix 2 of report LFC-0560y (appended to this report), but as this work will be evolving, it is intended to review and update as the project develops. There will be consultation with equality support groups and if necessary, focus groups as the project evolves. Further EIAs will be drafted to focus decision making.

4. Other considerations

Workforce comments

4.1 Adoption of the recommendations within this report will impact positively on the entire LFB workforce by strengthening delivery of the People Directorate and organisational people priorities as set out in the report.

4.2 As described in the report, the proposed TOM for People Services will require new ways of working for the department and a new structure. Staff within the department have been briefed on the proposals: initially the focus has been on Phase 1, which is about budget growth and the opportunities for staff to apply for the proposed new positions and to receive skills development in the area of business partnering. Staff will continue to be engaged throughout the development of the new People Services TOM.

4.3 An initial briefing session on the proposals was held with GMB and Unison on 28 May 2021, and the trade unions were reassured that they will be fully consulted as the project develops.

Sustainability implications

4.4 There are no sustainability implications.

5. Financial comments

5.1 This report recommends that an immediate transition is agreed to a new operating model for People Services. This will be at a part-year impact of £267,708 in the 2021-22 financial year, which includes £247,708 to fund an additional six posts and £20,000 for skills development, to be met from the transformation reserve. The full year impact of this will be £495,410 from 2022-23, which has been included as a proposal for growth as part of the 2022-23 Budget Submission to the Mayor. If the new growth proposal is not agreed as part of the Mayor's Budget 2022-23 there will be a budget gap of £495,410 from 2022-23 onwards.

5.2 The Budget Submission 2022-23 includes savings to be delivered through the implementation of People Services Strategy and TOM of £300,000 in 2023-24 and £700,000 in 2024-25. The detail of these savings will be considered as part of the budget process for future years.

6. Legal comments

6.1 This report sets out proposals for a new People Services Strategy to be implemented as part of the transformation work, to ensure organisational HR support is fit for purpose for LFB.

6.2 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office.

6.3 Section 1 of the Fire and Rescue Services Act 2004 (the 2004 Act) states that the LFC is the fire and rescue authority for Greater London.

6.4 Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

6.5 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the Deputy Mayor). In particular, Part 2 requires the Deputy Mayor prior approval to be obtained where there is a commitment to expenditure (capital or revenue) of over £150,000 as identified under normal accounting rules.

6.6 If this proposal is confirmed, LFC should follow their own internal policies and procedures regarding any resulting restructuring. Any recruitment should follow LFC's Recruitment policy and Equal Opportunities policy.

Appendices and supporting papers:

Report LFC-0560y – People Services Strategy: Proposal for Organisational Change

Public access to information
Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note**: This form (Part 1) will either be published within one working day after approval <u>or</u> on the defer date.

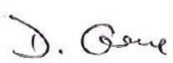
Part 1 Deferral:
Is the publication of Part 1 of this approval to be deferred? NO

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer <u>Richard Berry</u> has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:	✓
Assistant Director/Head of Service <u>Niran Mothada</u> has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.	✓
Advice The Finance and Legal teams have commented on this proposal.	✓
Corporate Investment Board This decision was agreed by the Corporate Investment Board on 25 October 2021.	✓

EXECUTIVE DIRECTOR, RESOURCES:
I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature


Date
13/12/21