

PERSONNEL COMMITTEE

23rd January 2006

HUMAN RESOURCES DEPARTMENT BUDGET 2006/07 AND PERFORMANCE  
MONITORING TO NOVEMBER 2005

REPORT OF THE DIRECTOR OF HUMAN RESOURCES

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RECENT REFERENCES:

CAB1099 Financial Strategy 2006/07 to 2010/11 26<sup>th</sup> July 2005  
CAB1126 Corporate Strategy 2006/09 12 October 2005  
PER90 WCC Reorganisation 7<sup>th</sup> March 2005  
PER89 HR Department – Summary of Actual Expenditure 2004/05 20<sup>th</sup> June 2005

EXECUTIVE SUMMARY:

This report provides a summary of the Human Resources Department base budgets and services for this year and next. The 2006/07 budget is at the ceiling of £697,360. It also shows the performance monitoring to the end of November 2005.

There are 2 items of growth for 2006/07 approved earlier in the year and in 2004/05.

RECOMMENDATIONS:

- 1 That the detailed budget for 2006/07 and revised budget for 2005/06 be considered and the performance monitoring is noted and any items of significance or recommendations be drawn to the attention of Cabinet.

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### HUMAN RESOURCES DEPARTMENT BUDGET 2006/07 AND PERFORMANCE MONITORING TO NOVEMBER 2005

#### REPORT OF THE DIRECTOR OF HUMAN RESOURCES

##### DETAIL:

#### 1 Introduction

- 1.1 The Council's Corporate Strategy sets out the organisation's key priorities for the medium term – a period of three years. It is a key document in the Council's policy framework that the Cabinet is then empowered to deliver, within the agreed budget. It is reviewed and rolled forward on an annual basis.
- 1.2 The Council also plans its budgets over a six year time frame, with an annual roll forward to ensure that spending plans and overall income to the Council balance, in both the short and longer term, within the parameters set out in the Financial Strategy.
- 1.3 Over recent years the Council has been working to align these processes more closely together. This year it is intended to present an integrated package to the Council meeting in February comprising
- a) The Corporate Strategy for 2006/09;
  - b) The forward looking elements of the Performance Plan for 2006 (as a 'Corporate Business Plan');
  - c) The revenue budget for 2006/07 – 2010/11

#### 2 Review of the Budget

- 2.1 The key principles to be applied to the budget were agreed at the Cabinet meeting of 26 July, 2005, as follows:
- a) *The revenue budget for the forthcoming year will be balanced;*
  - b) *Reserves will not be used to fund annual, recurring expenditure;*
  - c) *Savings proposals will be sufficient to fund Growth proposals and to eliminate the projected deficit;*
  - d) *Growth proposals will not create a revenue deficit in future financial years without equivalent forward savings also being identified;*
  - e) *Inflation will be applied only to budgets for staff and external contracts.*

#### 3 Revised Budget 2005/06

- 3.1 Appendix A gives objective and subjective summaries of HR Department service budgets. Generally changes arise from salary cost inflation (increasing budgets); changes to capital charges (which may increase or decrease budgets and reflect revisions to the capital programme) and changes to recharges (again which may increase or decrease budgets). Other significant changes between the original budget for this year and the revised budget are as follows:

### 3.2 Line 6 – Employees

There is an increase of £4,030 in the revised budget. This is due to the growth of the Business Manager post for 8 months (£7,670) offset by a decrease in recruitment expenses (£2,800). However this should result in a net nil increase overall as there will be savings elsewhere in the Budget (PER 90 refers).

## 4 Revenue Budget 2006/07

### 4.1 Appendix A , Line 6 – Employees

The growth of the Business Support Officer post was approved in report PER90 as part of the restructuring exercise in 2005/06 and is a joint post with the City Secretary and Solicitor Directorate. There should be no increase overall as the post was funded from the deletion of a Business Manager post in Community Services.

4.2 The Corporate training growth was approved in CAB 924 – 13<sup>th</sup> October 2004 as a 3 year programme of £20,000 per year making a total of £60,000.

4.3 Appendix B shows the analysis of change between 2005/06 original budget and 2006/07 budget.

## 5 Performance Monitoring

5.1 Appendix C shows the performance monitoring summary to the end of November 2005.

5.2 The under spend on Employees (Line k) is due to maternity leave and vacancies (line a) and corporate training (line e). During the summer holiday period there are fewer training courses organised and overall with the vacancy of the training officer post there have been fewer courses run. With the appointment of the new training officer this under spend will now be utilised.

5.3 There is an overspend in supplies and services (line n). This is partly due to an upgrade of equipment for supplying ID cards and partly Hay Job Evaluation panels following the organisation restructuring which came into effect in April 2005.

5.4 Employee Expenses is showing an overspend of £16,097. This is due to a combination of the above factors and advertising for staff.

## 6 Performance Indicators

6.1 The Corporate Health Indicators and the local performance indicators covering the period April 2005 to November 2005 are shown in Appendix C. There has been no change in the number of women and ethnic minority staff employed in the top 5% of earners.

- 6.2 There has been a slight increase in the number of staff from ethnic minorities and the number of staff with disabilities employed within the organisation compared to the last quarter figures. The method of calculation means that these indicators may continue to fluctuate with changes in the number of established posts throughout the year.
- 6.3 There is a slight increase in the number of long term ill health cases. There is also a slight increase in the number of referrals to occupational health, it should be noted that this figure also includes pre employment referrals where appropriate. The number of days sick per employee, for quarter three is not available and will be presented at the next meeting.
- 6.4 There has been an increase in the number of posts being reviewed using the HAY job evaluation scheme following the new organisation structure being implemented in April 2005 and the commitment to review posts affected after six months.
- 6.5 The number of people offered permanent contracts who declined the offer has increased. This is being investigated and possible trends being identified and monitored to enable appropriate action to be taken.

## 7 Business Plan

- 7.1 The Directorates key activities are identified in the Business Plan for 2005/06. The majority of the targets should be achieved by the end of the year. There is however, some slippage in some of the targets due to the amount of reactive and demand led work the department has undertaken combined with a number of staffing changes. There has been difficulty in recruiting a training and development adviser and two maternity leaves, which have impacted upon workload and created pressures within the relatively small team.
- 7.2 In December, Cabinet approved the purchase of a significant enhancement to the current Payroll system, Selima following a detailed review. This will enable the authority to have a fully integrated Human Resource and Payroll System. It will mean that staff and managers will have a number of functions on line which are fully verified. They will be able to report sickness and absence, request annual leave, and process expenses on line and the appraisal process and training records can be completed on line. This will also mean greatly improved reporting functions on a range of areas and streamlining of processes. This will improve the ability to produce for example, sickness and absence reports and turnover figures without relying on manual searching of data and calculations. The target data for the system going live is the beginning of April 2006 and it should be noted that this will involve a significant amount of input from staff in Human Resources.

OTHER CONSIDERATIONS:

8 CORPORATE STRATEGY (RELEVANCE TO):

8.1 The need to make the best use of all available resources by continued clear financial planning within the City Council is an integral part of the Corporate Strategy.

9 RESOURCE IMPLICATIONS:

9.1 As detailed in the body of the report.

BACKGROUND DOCUMENTS:

Working papers in the Finance Department.

APPENDICES:

Appendix A Human Resources Department – Summary of Service and Subjective Budgets

Appendix B Analysis of Change from 2005/06 Original Budget to 2006/07 Budget

Appendix C Budget Monitoring to the end of November 2005

Appendix D Performance Monitoring Q2 and Q3