

GREATER LONDON AUTHORITY

REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD212

Title: LFB People Services Transformation – Phase One

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date, because:

The content of this report is sensitive due to the anticipated consultation process that will be required. To protect the confidentiality and integrity of the consultation process, decisions need to be made in isolation to that process. This will allow for a transparent and meaningful process to take place without prejudice and predetermined outcomes. Access to the information contained in this report needs to be strictly controlled. The risks associated with this information reaching the people in scope of the consultation process prior to implementation includes potential identity of individual posts and therefore individuals, reluctance to engage, deterioration of mental health and wellbeing, and reputational damage for poorly managing a legally required process.

The report also includes information about the procurement of an external service and the value attached to that and so there is a risk to the LFC commercial interests and the procurement exercise if the estimated cost is disclosed.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed:
31 March 2024.

Legal adviser recommendation on the grounds for not publishing information at this time:

It is considered that access can be denied in respect of the procurement information on the basis that such information constitutes exempt information under: Section 43(2) of the Freedom of Information Act 2000 (FOIA) – Commercial Interests – which exempts information whose disclosure would, or would be likely to, prejudice the commercial interests of any legal person (an individual, a company, the public authority itself or any other legal entity).

The information in this report is also exempt under the FOIA under Section 40 of FOIA on the basis that it contains personal data as defined in the Data Protection Act 1998.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: Katherine Davis

Date: 8 September 2023

PART II – CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Part One of this report sets out the background to the LFC’s request to commit expenditure to of up to £2,000,000 to improve the structure and function of the LFC’s People Services directorate. Expenditure will cover the continuation of the current CMP Solutions external complaints service contract until the end of December 2023; the procurement of an external support service for staff complaints; the anticipated costs of possible redundancy; support for any displaced staff; training costs to in-house a new Professional Standards Unit, and legal costs associated with implementation of these recommendations plus a contingency.
- 1.2 The recommendations from the reviews and reports highlighted in Part One of this report will be addressed in two ways. Firstly, a proposed structural change to transform People Services into a customer-focused, high-value enabling function that will underpin a safe and professional working culture across LFB. And secondly, a new People Strategy which will be presented in the autumn of 2023, setting out the priorities and plans for the improved function.
- 1.3 The Deputy Mayor for Fire and Resilience is recommended to authorise the London Fire Commissioner to incur expenditure of up to £2,000,000 comprising:
 1. The continuation of the CMP contract until 31 December 2023 (£150,000), as discussed in Part 1 of this report;
 2. Procurement of an external support service for staff complaints (£250,000);
 3. The anticipated costs of possible redundancy (up to £1,300,000);
 4. Support for any displaced staff (£20,000);
 5. Training costs to in-house the Professional Standards Unit (£23,100);
 6. Legal costs associated with implementation of these recommendations (£10,000); and
 7. Contingency (£246,900).

2. Objectives and expected outcomes

- 2.1 The proposals within this report are designed to address the specific concerns and recommendations made in the various reviews, namely to:
 - create a new Professional Standards Unit (PSU) in order to set, monitor and uphold appropriate standards, and manage the increased vetting workload
 - provide short-term cover between the conclusion of the current CMP contract in September and the establishment of the new PSU
 - consolidate the organisation of work within functional teams, with clear roles and responsibilities and an enhanced business partner service
 - raise the standard of the service overall, through specialist, expert roles supported by improved policies and enhanced systems and processes.
- 2.2 The proposed new People Services structure is to comprises seven teams:

1) Professional Standards Unit

- setting, monitoring and upholding Professional Standards
- confidential reporting for staff
- vetting of new and current staff.

2) **Service Excellence**

- merging the HR Help Desk and HR Service team to provide a consolidated, generalist service to staff and managers
- locating this alongside the HR Policy, Reward and Industrial Relations team to ensure queries are solved or redirected to resolution at first point of contact
- rationalising and improving HR policies and preparing for increased self-service.

3) **HR Operations**

- A refocused approach to HR Operations, consolidating recruitment and resourcing activity to support fast, effective vacancy filling across LFB.

4) **Business Partnering**

- an expanded business partnership provision under single leadership
- new Employee Insight and Advice Manager posts, to provide early intervention support for issues and concerns.

5) **Business Manager**

- Delivering robust business support, including workforce planning.

6) **Psychological Health & Counselling**

- Continuing the support to all members of staff.

7) **Organisation Development**

- Continuing the delivery of specific development needs.

2.3 The proposed structure offers a ratio of operational HR staff of 1:93, which is within sector best practice margins.

2.4 Alongside the internal PSU, it is proposed to procure an external provider on an ongoing, call-off basis to manage concerns, investigation and HR casework that are more complex, contentious or relating to senior staff, and to provide assurance and resilience to the work of the PSU. The external service will also provide a first point of contact for any member of LFB staff that wishes to use this service to raise concerns or initiate a complaint, rather than using internal LFB channels.

2.5 Given that the changes impact the People Services function who ordinarily provide the support for such change, it will be delivered in two phases.

2.6 Phase One of the restructure (the subject of this report) would include teams listed at 1) to 5) in Paragraph 2.2. This will allow for the set-up of the PSU as the CMP contract concludes and the reorganisation of existing staff into new teams. This phase makes better use of existing resources, rather than offering savings.

- 2.7 The largest impact will be on the Employee Relations (ER) team which will divide between the PSU and Business Partnership teams, with fewer numbers overall. This will necessitate full consultation and potentially place staff at risk of redundancy.
- 2.8 Given the scale of the disruption to the ER team in Phase One, it is proposed to extend the current CMP contract for a further three months (from 31 October to 31 December 2023) to allow for vital, continuing complaints handling until the restructure and training phase is complete. Alongside this, CMP will conclude the 50 active cases it currently holds, and which is already funded. This proposal is discussed further in Part 1 of the report.
- 2.9 Upon completion of Phase One, Organisational Development would then be reviewed and restructured later in 2023, with the benefit of an in-place People Services function to support the change. There is a target of c. £300,000 of savings in this second phase.
- 2.10 A third phase of rationalisation and improvement will involve the implementation of the new HR system (iTrent) and will allow for efficiency savings in the service desk environment and further rationalisation of the HR operational structure. This will be scoped and planned once the system implementation is complete.
- 2.11 People Services department currently has an interim leadership team in place, which is expected to remain in place to oversee the People Service transformation before permanent appointments are made under the proposed new structure. The interim leadership team consists of the Interim Chief HR Officer, the Head of HR Service Excellence, and the Head of People Operations.

3. Equality comments

- 3.1 The below table shows the level of representation of staff across gender, disability, ethnicity and sexual orientation in the potentially impacted teams and the broader People Services population. This will be refined and developed as the proposals proceed through consultation.

	Percentage representation across potentially impacted teams	Percentage representation across People Services	Difference
Female	70%	64%	+6%
Disability	11%	12%	-1%
Ethnic Minority	48%	46%	+2%
LGB	N/A	9%	N/A

- 3.2 The above data shows a slightly higher representation of women in the potentially affected group compared to the wider directorate, with too few colleagues identifying as lesbian, gay and bisexual (LGB) in the potentially affected group to disclose here. For colleagues identifying as from an ethnic minority background or as having a disability, the rate of representation in the potentially affected group is very similar to the rate of representation across LFB's People Services more broadly.
- 3.3 The above data is a useful introduction however it should be noted that approximately 25 per cent of staff did not share any diversity information across ethnicity, disability or sexual orientation which limits the ability to assess the impact of these proposals on staff within People Services. This data will continue to be refined as consultation progresses.
- 3.4 Prior to advancing with these proposals, consultation with affected LFB staff and trade unions will take place, which may shape these proposals further. The outcome of consultation will help assure and manage the potential impacts on LFB staff, and there will be a focus on redeployment as a priority (including across the GLA umbrella wherever possible).

- 3.5 Noting the potentially disproportionate challenges relating to finding new roles for older members of LFB staff, as well as those with disabilities, outplacement support will be procured to ensure that any LFB staff who cannot be supported into a new role will be supported in finding new employment opportunities, including time to apply for roles. LFB staff who are on maternity leave or other long-term leave will be engaged with through their line management chain to ensure all colleagues are included and receive all necessary information and support.

4. Other considerations

Workforce

- 4.1 Consultation with staff within the scope of the restructure proposals is planned for mid-September 2023, running for 21 calendar days in line with LFB's established procedures. It is likely that approximately ten members of staff may be placed at risk of redundancy. Outplacement support will be procured for affected staff.
- 4.2 Subject to no material changes arising from consultation, staff members in scope will be declared at risk of redundancy. People Services will work across LFB and the wider GLA to seek opportunities for redeployment and redundancy avoidance.
- 4.3 If suitable alternative employment cannot be secured then staff would be exiting from LFB in early 2024. Alongside this, the newly created roles would need to be recruited into if a match cannot be secured, which would run into early 2024. Those who are at risk of redundancy would also be able to apply for posts under the normal recruitment process. In addition, specialist investigation training will be required for the new PSU.

Procurement

- 4.4 There are two elements of procurement requested:
- An additional three-month extension to CMP Solutions Limited to cover new investigations from October to December 2023.
 - An external investigation service to provide further resilience, independent review, and quality assurance for the PSU. Current initial forecast figure of £250,000 for a 3-year contract, based on the expectation of 7 cases per year throughout the contract.
- 4.5 The new provider of external investigation support is intended to be running from October 2023. In line with recommendation number two from the Culture Review ("Consider anonymised reporting of incidents relating to bullying, misogyny and racism. In a closed team-based culture individuals/groups can and have become stigmatised for reporting poor behaviour or bad experiences"), and Outcome number three ("Staff can report incidents anonymously with no fear of the repercussions"), an independent, external service provides assurance to colleagues they can raise their concerns for considerations without fear of repercussions.
- 4.6 CMP Solutions Limited has provided and continues to provide this service, and to provide continued assurance to colleagues raising concerns it is vital that there is no break between CMP Solutions Limited and whichever organisation is engaged with for the next three years in this space. Coming onboard from October allows for LFB to ensure that contact information is communicated, the new service is embedded, and it can begin service immediately with no break in continuity.
- 4.7 Given the urgency of the requirement, LFB's Procurement department has sought to explore the marketplace, the proposed framework will provide what is required to ensure value for money. On that basis, it has been concluded that the quickest and lowest risk to running a competition is via Bloom

via the NEPRO (3) Framework. This framework is fully compliant with Public Contract Regulations.

5. Financial comments

- 5.1 This paper proposes the first phase of a new structure for People Services and is requesting authorisation from the Deputy Mayor for Fire and Resilience for the LFC to incur revenue expenditure of up to £2,000,000, including £1,300,000 for potential redundancy costs. It should be noted however that this does not include an estimate for any early release of pensions benefits, with the expectation that this will be contained within the overall cost envelope of £2,000,000, including the contingency of £246,900. If costs exceed this envelope this will be discussed as part of future financial reporting in line with governance arrangements as necessary.
- 5.2 The breakdown of the proposed expenditure is as per the table below. £1,750,000 as one-off expenditure in 2023/24 financial year and a further £250,000 expenditure across 4 financial years, starting in October 2023.
- 5.3 The proposed new structure represents a £45,000 annual saving. This is reflected in the financial summary table below, netting off the total funding requirement for each financial year.
- 5.4 The additional funding requirement for the 2023/24 financial year is £1,784,722 including one-off and ongoing expenditure. If the proposals outlined in this report are agreed, this total pressure will be funded from the Budget Flexibility Reserve. The Budget Flexibility Reserve currently has a forecast balance of £8,502,000 at the end of the 2023/24 financial year, reflecting the forecast as at LFC Quarter 1 2023/24 Financial Position Summary (£9,024,000) and further commitments of £432,725 made in DMFD204 and £89,000 in DMFD210. The additional expenditure included in this report will reduce this forecast balance to £6.679,000. The LFC also maintains a General Reserve at a forecasted balance of £17,038,000. This is based on a minimum general reserve requirement of 3.5 per cent of the net revenue expenditure.
- 5.5 If the proposals outlined in this report are agreed, the cost of future years – as outlined in the table below - will be included as part of the budget process for 2024/25.
- 5.6 Any financial implications from subsequent phases of a new structure for People Services will be set out in future reports and incorporated as part of budget setting for future years. As noted above, Phase Two of the implementation of the People Services restructure is anticipated to realise c.£300,000 of savings based on early design and evaluation work. Taking account of the annual cost the external service and the £45,000 of savings in Phase One, this would mean a net saving of around £260,000 from 2024/25 after Phase 2.
- 5.7 It should also be noted that the 2023/24 budget process included a savings target of £300,000 for the 2024/25 financial year and a further £600,000 from the 2025/26 financial year onwards for the Department. These saving targets are unchanged by the proposals in this report and will be set out in future reports and incorporated as part of the budget setting process for the 2024/25 and subsequent financial years.

		Starting in Nov 2023				
Item	One Off 2023/24	2023/24	2024/25	2025/26	2026/27	Total Over 3 Years
CMP – to cover the cost of up to 10 cases being referred to them	£150,000					£150,000

External Service Provider to be procured. Total cost of contract (7 cases per year, for 3 years)		£34,722	£83,333	£83,333	£48,611	£250,000
Training cost to stand-up PSU	£23,100					£23,100
Top end of potential redundancies cost	£1,300,000					£1,300,000
External outplacement support	£20,000					£20,000
Legal costs for implementation	£10,000					£10,000
						£0
Contingency	£246,900					£246,900
Total Requested	£1,750,000	£34,722	£83,333	£83,333	£48,611	£2,000,000
Less savings on proposed new structure			(£45,608)	(£45,608)	(£45,608)	(£136,824)
Updated Net Position	£1,750,000	£34,722	£37,725	£37,725	£3,003	£1,863,176

6. Legal comments

- 6.1 The Fire and Rescue Services Act 2004 provides under sections 7 and 8 the duty to secure provision for the personnel, services and equipment necessary efficiently to meet all normal requirements; that being the personnel needed to meet the statutory functions, and section 5A provides the power to do (a) anything it considers appropriate for the purposes of the carrying-out of any of its functions (its "functional purposes"), (b) anything it considers appropriate for purposes incidental to its functional purposes, (c) anything it considers appropriate for purposes indirectly incidental to its functional purposes through any number of removes. These powers and or duties provide the statutory basis for the decision set out herein regarding the proposed People Services personnel, structure and the proposed use of external resource.
- 6.2 The LFC is also a 'best value' authority under the Local Government Act 1999 and must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. This duty is also fulfilled by the proposals in this report.
- 6.3 The proposal to restructure People Services has the potential to create redundancies. The law on consultation is as follows:
- Consultation must begin in good time. Certain minimum time periods apply depending on the scale of the redundancies proposed. For fewer than 20 employees, there must be 'collective consultation' and there is no minimum duration of consultation.
 - Consultation begins with the provision of information on the proposals to "appropriate representatives". The information to be provided is specified under section 188(4) of TULRCA.

- As a minimum, consultation must be undertaken with a view to reaching agreement on ways and means of avoiding the dismissals, reducing the number of dismissals, and mitigating their consequences.

6.4 LFB's redundancy and redeployment code (PN 562) states as follows at paragraph 2:

- Information will be provided to, and consultation will take place with, the recognised trade unions over proposed redundancies at the earliest opportunity and in accordance with statutory requirements. Information provided for the purpose of consultation will include the reasons for the proposals; the numbers and descriptions of employees likely to be affected; the procedure for selecting those employees who will be made redundant; the timescales and proposed redundancy arrangements; and the proposed method of calculating any redundancy payments.
- Consultation will also take place with individuals who are at risk of redundancy at the earliest opportunity.

6.5 For LFB, the custom and practice is 21 days for consultation.

6.6 The report sets out, in broad terms, the process and time scale for consulting on the proposals and the time scales and process for redundancies should they result, and these are consistent with the policy and legal requirements.

6.7 These comments have been adapted from those provided by the LFC's General Counsel Department in report LFC-23-086 to the LFC.

Appendices and supporting papers:

LFC-23-086 People Service Transformation – Phase One

LFC-23-086 Appendix 1 Proposed People Services structure

LFC-23-086 Appendix 2 Equality Impact Assessment