

## Options Appraisal - HR

OPTION	ADVANTAGES	DISADVANTAGES
<p>1. The joint commissioning or joint delivery of the service</p> <p><b>THIS OPTION HAS ALREADY BEEN PURSUED BUT WILL BE LOOKED IN TO FOR EXPANSION AS THE SERVICE DEVELOPS</b></p>	<ul style="list-style-type: none"> <li>• Economies of scale, especially with regards to Learning and Development and possibly payroll</li> <li>• Management development programmes are already run in partnership with Teignbridge DC in the Learning and Development Team</li> <li>• Draw upon expertise and key skills that may not be available from within the council</li> <li>• The Pension service to Torbay employees is already jointly commissioned via Devon County Council</li> <li>• Payroll – partnership working with other public organisations could potentially reduce fixed costs</li> <li>• Potential for income generation in ‘selling’ spaces in jointly run training courses to other local authorities</li> <li>• Potential for joint working and funding from the Learning and Skills Council</li> <li>• Potential for economies of scale by exploring a corporate training centre – linking IT training, Social Services, Schools Professional Development Centre, external organisations</li> <li>• Potential to work more closely with unions around basic skills</li> <li>• Spreading of risk between authorities</li> <li>• Possible added value for other council services due to expansion in specialist skills, training opportunities.....</li> <li>• Low levels of investment required to deliver joint initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of some control as the service(s) provided would need to be tailored to suit all organisations</li> <li>• Partnership working with other public bodies re the payroll service would mean partner requirements would have to be taken into account and this may be too disparate to be successful</li> <li>• Higher risk if service fails</li> <li>• Opportunity cost of providing training for other authorities</li> </ul>
<p>2. The re-structuring or re-positioning of the in-house service</p> <p><b>THIS OPTION HAS ALREADY BEEN PURSUED BUT WILL ALSO BE EXPLORED IN MORE DETAIL AS THE SERVICE DEVELOPS</b></p>	<ul style="list-style-type: none"> <li>• The core functions of HR have already been through a re-structure which was implemented on the 29<sup>th</sup> March 2004 - the result being a more strategic HR Directorate</li> <li>• There is potential to bring the Recruitment aspect of HR back in house to provide a more centralised and efficient service</li> <li>• This delivery option will have to be explored in more detail in light of possible future changes to the council such as the creation of a Children's Trust</li> <li>• Possibility for the creation of a Corporate Training Centre for the Council. This may create economies of scale and income generation of spare capacity sold to external organisations</li> <li>• Low risk and low levels of investment for the council</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for Payroll to fall under Finance or Exchequer Services although this is would not be suitable in Torbay due to integrated payroll and HR software systems and workforce information</li> <li>• The Corporate Training Centre approach may mean that some Directorates lose specialised training opportunities</li> </ul>
<p>3. The creation of a public/private partnership</p> <p><b>THIS OPTION WILL BE PURSUED AS PART OF THE RECRUITMENT REVIEW</b></p>	<ul style="list-style-type: none"> <li>• Provision of a ‘shared service’ platform</li> <li>• Most likely for recruitment management, delivery of training and development, management development, payroll and pension services, occupational health, welfare and counselling services</li> <li>• Aspects of HR are already delivered through a PPP – occupational health and counselling services</li> <li>• Possible for the provision of Recruitment services to reduce fixed costs for advertising and administration</li> <li>• Possible economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>• Disparate requirements by partners creates an inefficient service</li> <li>• Diminished control</li> <li>• Higher risk for the council if service fails</li> </ul>

OPTION	ADVANTAGES	DISADVANTAGES
<p>4. The transfer of the service to another provider</p> <p><b>THIS OPTION WILL NOT BE PURSUED</b></p>	<ul style="list-style-type: none"> <li>• Possibility to secure substantial income</li> <li>• Possible advantage of large scale re-engineering of business processes</li> <li>• Provide the potential for a more customer responsive service</li> <li>• Where there is a need for a focus on value added rather than transactional HR service</li> <li>• Potential for flexible solutions to outsourcing Payroll (e.g. retain in-house service but use external software suppliers to provide hardware management services to support the function) – however this is only an option where expertise to support the payroll function is not available in-house</li> <li>• Reduction in fixed costs, e.g. for Payroll</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Significant cost savings may not be realised</li> <li>• Torbay has already invested in an IT system for Payroll as part of an integrated HR system</li> <li>• Purchase of Payroll software upgrades has already been made</li> <li>• Loss of control would be a high risk especially with regards to payroll and HR and where 'people' are seen as the main resource for the organisation</li> <li>• The organisation needs to be clear from the outset what it wants to achieve from outsourcing</li> <li>• Conflicts between the ethos and focus of any possible external provider and the Council although this would have to be mitigated in the specification document</li> <li>• Strategic HR could not be effectively outsourced (and it is a core function of the council)</li> <li>• Payroll Section generates significant income through buy-back from schools and from two external contracts – this could potentially be lost if outsourced</li> <li>• Lack of evidence that this option is feasible</li> </ul>
<p>5. The market testing of all or part of the service</p> <p><b>THIS OPTION WILL NOT BE PURSUED</b></p>	<ul style="list-style-type: none"> <li>• Testing the competitiveness of the services</li> <li>• Specification for service delivery can be tailored to suit the needs of the council</li> </ul>	<ul style="list-style-type: none"> <li>• The process of going through a full market testing exercise is very costly</li> <li>• The Strategic HR and Learning and Development functions are core to the council and therefore should not be market tested.</li> <li>• Lack of interest from potential private sector providers unless part of a whole package approach to support services</li> </ul>
<p>6. The re-negotiation of existing contracts</p> <p><b>THIS OPTION WILL BE EXPLORED FOR RECRUITMENT</b></p>	<ul style="list-style-type: none"> <li>• Contracts already exist for Recruitment Services, buy back of services from Schools and income generation through external contracts in Payroll</li> <li>• The contract for Devon Recruitment Services will run out in June 2004</li> <li>• All existing contracts could be re-negotiated to provide greater added value for the HR Directorate and council services?</li> </ul>	<ul style="list-style-type: none"> <li>• There are limited contracts in existence for HR</li> <li>• The re-negotiation of contracts may not be the 'best value' way forward for the council and should only be explored with other delivery options</li> </ul>
<p>7. The termination of the service, in whole or in part.</p> <p><b>THIS IS NOT AN OPTION</b></p>		<ul style="list-style-type: none"> <li>• HR and learning and development are considered as core functions of the council and therefore cannot be terminated</li> <li>• Although payroll is considered as a non-core service, staff still have to be paid and therefore a payroll function still has to be provided</li> </ul>

## HR SERVICE IMPROVEMENT PLAN

Link to HR Strategy Objectives	Action	Outcome	Timescale		Target(s)	Other organisations involved	Who? Responsible Officer	Estimated (financial) implications
			Date action to start	Date target to be completed				
Human Resources								
HR Strategy – Theme 3 ‘An organisation that can evolve and develop’	Developmental action to continue to collect benchmarking information from the private sector to feed into the over-arching Support Services Review final report	Private sector benchmarking collected and fed into Support Services final report	June 2004	October 2004	To complete benchmarking exercise	Private sector	Director of HR	Within existing resources
HR Strategy – Theme 3 ‘An organisation that can evolve and develop’	Continue to process re-engineer key HR procedures to ensure efficiency	More efficient, effective and economic processes in HR	On-going	May 2005	To complete process reengineering		Director of HR	Within existing resources
HR Strategy – Theme 1 ‘Employer of Choice	Consider the results from the Recruitment Review and consider the ‘best fit’ solution for Torbay Council, including the possibilities of: <ul style="list-style-type: none"><li>• Re-negotiating contract with DRS</li><li>• Devolved in-house service</li><li>• Centralised in-house service</li><li>• Joint working with a partner</li><li>• Bay-wide solution</li></ul>	A cost effective and efficient recruitment solution for Torbay Council	May 2004	September 2004	To identify the ‘best fit’ solution to recruitment activity  New contractor to provide service (whether in-house, partnership or external provider)	Health Job Centre Plus	HR Manager with recruitment portfolio	Potential cost savings
HR Strategy – Theme 1 ‘Employer of Choice	Explore the possibility of Job Centre Plus taking over the advertising and administering of jobs (link to action above)	A cost effective solution to the advertisement of Council vacancies	May 2004	September 2004	Job Centre Plus / best solution to advertising jobs identified and adopted	Job Centre Plus	HR Manager with recruitment portfolio	Potential cost savings
HR Strategy – Theme 3 ‘An organisation that can evolve and develop’	Consider and act upon the results from the Services to Schools review	A more efficient and effective HR service to Torbay’s Schools	Jun 2004	Ongoing	Effective and efficient service to schools adopted and in place	Torbay’s Schools	HR Manager – Learning and Culture	Within existing resources

Link to HR Strategy Objectives	Action	Outcome	Timescale		Target(s)	Other organisations involved	Who? Responsible Officer	Estimated (financial) implications
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HR Strategy – Theme 1 ‘Employer of Choice	Develop Pay and Rewards strategy linked to job evaluation and non pay rewards	Ensure the Council offers modern reward packages that meet Council needs	April 2005	March 2006	To develop and implement a strategy for the Council around pay and non pay rewards		Assistant Director of HR Payroll	Within Existing Resources
HR Strategy – Theme 3 ‘An organisation that can evolve and develop’	Develop facilitation and ‘internal consultant’ role for HR	HR increasing value added to service delivery by supporting continuous improvement	April 2005	April 2007	Recognised role of HR to help services move forward and improve		Assistant Director HR /Payroll Learning and Development Manager	Within existing resources
HR Strategy – Theme 3 ‘An organisation that can evolve and develop’	Be responsive to future changes to the council with regards to the possible creation of a Children’s Trust and review the HR Directorate in light of this including a possible re-structure	An HR Directorate responsive to the changing needs of the Council	June 2004	Apr 2006	Review of HR completed and recommendations implemented	Children’s Trust	Asst Director of HR	Within existing resources
<b>Learning and Development</b>								
HR Strategy – Theme 2 ‘Workforce with the Right Skills’	Explore and obtain funding from the Learning and Skills Council (LSC) for training and development purposes	Funding to pump prime the delivery of the Learning and Development Strategy	Nov 2004	Nov 2006	Funding received	Learning and Skills Council	Learning and Devpt Manager	Potential additional funding
HR Strategy – Theme 2 ‘Workforce with the Right Skills’	Extend income generation through joint working with other local authorities in the provision of training events	Achieve added value through joint working with other local authorities	Jul 2004	Jul 2008	Increase income generation by: 2% in 04/05 2% in 05/06	Other local authorities, e.g. Teignbridge	Learning and Devpt Manager	Potential additional income
HR Strategy – Theme 2 ‘Workforce with the Right Skills’	Pursue further working opportunities with the LSC and main Trade Unions with regards to delivering basic skills courses	A joint working solution to delivering basic skills courses	Ongoing	April 2005	Joint working in place, funding obtained and courses in place		Learning and Devpt Manager	Within existing resources

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			Date action to start	Date target to be completed				
HR Strategy – Theme 2 'Workforce with the Right Skills'	Review and update the Learning and Development strategy	Learning and development opportunities are better linked to corporate direction	September 04	April 07	Learning opportunities are maximised to support staff development and organisational development	LSC Unions Other training providers	Learning and Devpt Manager	Within existing resources
HR Strategy – Theme 2 'Workforce with the Right Skills'	Development of leadership skills for all staff	Improved leadership across the authority leading to improved performance	April 2005	March 2007	Leadership development in place	Other training providers	Learning and Devpt Manager	Within existing resources
HR Strategy – Theme 2 'Workforce with the Right Skills'	Explore and develop the possibility of creating a Corporate Training Centre for the Council	Economies of scale and income generation in training	Jul 2005	Jul 2007	Consultation undertaken and a Corporate Training Centre in place	Social Services South Devon College Schools Professional Development Centre	Director of HR/ Learning and Devpt Manager	Within existing resources  Potential economies of scale for the whole council
<b>Payroll/Workforce Information</b>								
HR Strategy – Theme 3 'An organisation that can evolve and develop'	Collect data on the cost per payslip of outsourced Payroll Functions to feed into benchmarking exercise (Action 1)	Information collected and fed into main benchmarking exercise	June 2004	October 2004	To complete data collection	Other Local Authorities	Asst Director of HR – Payroll	Within existing resources
HR Strategy – Theme 1 'Employer of Choice'	Implement the recommendations from the Services to Schools review <ul style="list-style-type: none"> <li>Simplification in some processes</li> <li>Review of charging structure</li> </ul>	A more efficient payroll service to schools	Jun 2004	Ongoing	Recommendations implemented	Torbay Schools	Asst Director of HR – Payroll/ HR Manager L+D	Within existing resources
HR Strategy – Theme 1 'Employer of Choice'	Maintain and pursue further contracts with external organisations	Additional income generated	Jun 2004	Ongoing	Increase in external contracts by 2%		Asst Director of HR – Payroll	Within existing resources