



Best Value Review

April 2004

Human Resources Directorate

- **Human Resources**
- **Learning and Development**
- **Payroll/Workforce Information**

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Section 1 Purpose of the Human Resources Directorate

The Human Resources Directorate of Torbay Council has the following aim:

To make Torbay Council an employer of choice, which invests in people and plans effectively to achieve quality outcomes, through delivery of a HR service that supports services to the Community.

Overall Service Objectives

- To provide a corporate HR service that is consistent with the core values, vision and culture that the Council aspires to
- To implement the Council's HR Strategy
- To provide a professional and proactive HR service that meets the needs of services
- To contribute to the corporate management of the Council and support the delivery of both the corporate HR strategy and the wider service delivery and improvement agenda
- To build the skills and capacity of employees both directly and through line management.

The Council's HR Strategy sets out the agenda for Human Resources over the next three years. The strategy is built around three key aims;

- Employer of Choice
- Workforce with the Right Skills
- An organisation that can evolve and develop

These aims are clearly stated in the Council's Strategic Plan – Transforming Torbay,

The Human Resources Business Plan (attached) sets out the actions for the HR Directorate for 2004/05 both in terms of how it can deliver the HR Strategy, but also how the overall Council's values and objectives can be achieved. Links between the values and objectives of the Council and the HR strategy are clearly made in the business plan.

The service comprises 39 employees made up of the HR Director; 3 Learning and Development Staff; 11 Payroll and Management Information staff and 24 in Human Resources, working principally in teams supporting the service needs of Directorates.

The expertise of the staff of the Directorate is constantly updated by an extensive programme of continuing professional development and other

training (both internal and external), and the Directorate benefits from access to up-to-date employment legislation and computerised databases. The Service Level Agreement (SLA) (attached) specifies the services provided and the quality standards of the Directorate.

Section 2 Recent Improvements

The HR Directorate was without dedicated leadership for 12 months and a Director for the service was only appointed in September 03. Despite efforts on all parts, this has meant that until recently, the service remained reactionary and with procedures that are not as efficient as they could be. In order to address this, the HR team has already instigated the following;

- A new structure (Attached) is now in place which will improve efficiency and clarity of roles by making administrative staff aligned to services to directorates. 'Trainee' roles have also been introduced.
- A process re-engineering exercise is underway. All HR processes are being reviewed to eliminate duplication and improve efficiency. The first process being reviewed is for the appointment of staff with the new procedure due to be in place by April 04. This will make the process from the time a candidate is offered a position to the commencement of employment a more efficient one.
- All staff are being trained on the HR/Payroll system 'Northgate' so that processes currently done manually can be computerised.
- A review of recruitment is currently underway to ensure that the Council has the most effective service possible. This is, in part, responding to customer feedback where more HR involvement in the recruitment process was requested.
- The HR SLA has been amended to make it "outcome" and customer focussed
- All HR Managers now have a portfolio of cross organisational work. This work is pro active strategic work to improve the efficiency of the Council e.g. improving sickness absence levels, creating a culture of performance management.
- All HR staff are now fully aware of the HR strategy and what they are trying to achieve. This has been achieved by instigating appropriate team meetings and away days to engage all staff. All those reporting directly to the HR Director have monthly "1:1" sessions to set objectives and review progress.

- The HR Directorate secured £100k from the Office of the Deputy Prime Minister to support learning and development across the Council. This funding has been used for a Professional Management Programme to give key management skills for those managers appointed to management positions without any formal management training. Without this external funding, the management training for staff of Torbay Council would be extremely limited.
- Details for the harmonisation of terms and conditions of employment, following Unitary Status in 1998, have been proposed and following agreement will be implemented from 1 May 2004.

Section 3 Issues and Future Impacts/Demands on the Service

The Council faces significant challenges in the future in order to achieve improvement. The HR Directorate sees itself in playing a key role in supporting the Council achieve this change. The staff who work for the Council are key to delivering improved services and the HR Directorate wants to ensure that there are enough staff who are motivated and understand their role in the Council.

Specific challenges facing the HR Directorate are identified in the Business Plan. Key issues are as follows;

Green Paper – Every Child Matters – It is likely that the Commission will recommend changes to how children's services are provided. This will have significant human resources issues particularly if staff will have to change what or how they do things.

Schools Review - The HR directorate provides a service to schools in the Torbay area. We are currently undertaking a review of what services schools want to ensure that we deliver the right service in the future. Consultation has taken place with 8 schools through direct meetings with Headteachers/Principles. In addition, feedback has been sought from the Director of Learning & Cultural Services, Assistant Director (Strategy) and the Education Manager (Resources) to assess both the perception of HR Services and to ensure the focus of work is in line with LEA priorities.

Priorities will include supporting schools to reduce the number of working days lost to sickness absence and addressing capability issues, both of which have significant impact on pupil attainment. Resources are to be committed to supporting schools with the Workforce Remodelling agenda and providing training beyond just governors to enhance the people management of skills of senior and middle managers within schools.

CPA – The HR Directorate supports the continuous improvement and sees itself as a fundamental part of embedding the good practice being developed by the Corporate Governance team. In particular we see ourselves as being crucial to embedding a performance management culture in the organisation through management development, RADAR reviews, the development of competencies etc. Tighter management of issues such as sickness absence will also improve performance management in the Council. Recent Audit Commission work showed that Councils with good HR (particularly around performance management issues) secured good CPA assessments and the Directorate sees this as one of its main areas of adding value to the organisation. This is backed up by research at Aston University, which showed that good HR management and strategies led to a 17% increase in organisational performance and productivity.

National Strategies – The Office of the Deputy Prime Minister has recently published a Pay and Workforce Strategy for Local Government. This is built around 5 themes;

- Developing Leadership
- Developing the Skills and Capacity of the Workforce
- Developing the Organisation
- Resourcing Local Government
- Pay and Rewards

All of these issues have been addressed through the Council's HR Strategy but clearly will need to be delivered in order to meet national agendas.

Legislation – Changes in employment legislation, especially those in relation to equalities and the Race Relations (Amendments) Act 2000, will continue to require the resources of the HR Directorate in order to embed equality and diversity within the culture of the organisation.

It is likely that all local authorities will be statutorily required to evidence that their pay and grading structures are demonstrably compliant with equal pay legislation. It is anticipated that draft legislation to enact these provisions will be promulgated in the next few months. This will impose additional monitoring and management requirements, which are likely to fall primarily on HR functions.

New legislation governing the transfer of employees (TUPE) will come into effect in October 2004,. These will provide greater protection of employees' rights and require all incoming and outgoing transfers of employees to be subject to effective consultation with affected employees and employment rights to be clearly safeguarded. New laws governing dispute resolution (in particular handling the dismissal of employees) comes into force also in October 2004, which imposes a higher standard on all organisations as to

how they manage and record, for example, disciplinary hearings and staff grievances.

Customer Demands – Responses to consultation exercises and the Staff Attitude Survey will be taken in to account and acted upon in the future delivery of the services provided by the HR Directorate. In response to the Staff Attitude Survey the Council's Valuing People Group have planned 'drop-in' sessions during March to gain more views and responses to how improvements can be made.

The Support Services Review has also highlighted a series of corporate and service specific issues (please see attached). Implementation of improvements to address the key issues has already commenced. For instance: -

Generic Issues

- **Service Level Agreements (SLA'S)** - An outcome focused HR SLA has been developed in consultation with customers that includes Directorate HR targets and quality standards.
- **Performance management** - Local and national HR performance indicators are monitored using the SPAR performance management system, which is reported quarterly to the Corporate Services Performance Board. The Director of HR also produces a monthly report regarding workforce information to the Directors Management Team. A manager within HR has also been given lead responsibility on the HR aspect of performance management for the Council.

Human Resources – Service Specific Issues

- **An HR Strategy and vision is required** – A Human Resources Strategy has been developed that sets the strategic direction for HR across Torbay Council for the next 3 years (2004/05 – 2006/07). The strategy also sets a vision/aim for HR as highlighted in Section 1 of this report.
- **A Training Strategy and the co-ordination of training within the Council needs to be developed, in order for the authority to become a 'learning organisation'** – A Learning and Development Strategy has been developed that aims to ensure that the Council has a highly trained, dedicated and motivated workforce. Fundamental commitments highlighted in the strategy include annual learning needs analyses with links to business planning and the creation of needs-led learning plans.

- **Development of competency framework** - Organisational competencies for all members of staff has been identified. There are 6 in total with an additional 4 competencies for managers, which will be assessed through the RADAR process and be used to inform the training and development needs of staff. Consultants have also been employed to identify competencies for members utilising £21k from the ODPM's Capacity Building Fund.
- **HR needs to have a strategic role within the Council and be recognised as such.** – Following the re-structure of the Council in September 2003, the HR department became a Directorate in order to raise its strategic profile. This was seen as critical to the Council's commitment to improving its overall performance following the Corporate Governance and CPA inspections.
- **An initial evaluation of the success of the candidate administration pilot** – This has been undertaken and showed that customers felt that the Devon Recruitment Service offered a good transactional service. However there was consensus that recruitment administration should be done internally in a centralised HR function.
- **Inspection by Internal Audit (and the views of customers) has identified that recruitment and candidate administration processes and procedures are not working as they should. In some cases HR feel that they are no longer 'part of the loop' and are missing out on receiving vital data** – This is being addressed by a project currently underway assessing how recruitment should be done for Torbay Council. In the short term, the recruitment processes have been changed to include HR at the initial stages.

Remaining key issues that will need to be addressed from the review include: -

- There is a need to ensure that strategic linkages are in place so that HR have appropriate details for all staff.
- Opportunities for income generation in payroll and training.
- Challenge outsourcing.
- Potential to provide payroll services to other organisations.
- The training budget cannot currently meet all the issues that were identified as requiring immediate attention within the CMP and to deliver the strategic plan.

Section 4 Core Activities

There are three areas of activity in the Human Resources Directorate:

Human Resources

This is the aspect that deals with employee issues. There are two aspects to any Human Resources function; 'transactional' and 'strategic'.

The transactional aspect is the processing aspect of HR, i.e. ensuring staff get contracts, ensuring managers follow correct policies and procedures. It is vitally important that there is a sound service in this area to ensure that the Council follows good practice and does not leave itself open to costly claims in courts or industrial tribunals.

The strategic side of HR links how the organisation manages its staffing with its overall aims and objectives. This includes areas such as developing policies to support work life balance, recruitment strategies or planning the workforce of the future. The strategic side is more clearly a 'core' activity. It could be argued that the transactional side is not core and could be provided by another supplier.

Given the size of Torbay (making it difficult to separate transactional from strategic), the challenge facing the Council to change and the current efforts to improve efficiency within the Directorate, it is suggested that **both areas are core activities of the Council.**

Learning and Development

The learning and development function provides the corporate learning and development activities for the Council. Courses are already provided by external consultants/companies where the internal team do not have expert knowledge or resources. The Learning and Development Plan for 2004/05 is directly linked with the Council's strategic objectives and the team directly support the organisational change agenda. It is considered essential that Learning and Development should be key to the process of taking a weak CPA authority into the fair category and beyond. **Therefore it is suggested that this area is a core activity.**

Payroll/Workforce Information

The Payroll section ensures that all staff are paid and that all requirements relating to tax, pensions etc are complied with. The Workforce Information team use the data contained in the payroll system to provide valuable data to

managers to help them manage their workforce e.g. sickness absence. Whilst this is purely a transactional service, there are many ways in which the payroll team support the overall Council;

- The Payroll/HR system is a fully integrated one based on a relational database. This means that the system only holds one set of data for all uses whether they be payroll or HR. Moving to a different payroll provider would probably mean a different payroll system, which could not be integrated with HR. HR would therefore have to maintain and develop a separate database from payroll and cope with the problems of database divergence. Workforce Information would be dependent on HR data collection resources duplicating some of the payroll provider's requirements and could be unreliable through database divergence.
- The Payroll team lead on the process re-engineering of the whole of HR. Clearly the most fundamental and output focused information that HR hold (as far as an employee is concerned) relates to pay. We therefore work backwards from the payroll data side which makes the payroll team the ideal lead in identifying efficient processes.
- The Payroll team generate significant income for the HR Directorate and employ a sophisticated system of weighted charges which enables charges to be made on a real world basis. This is particularly significant in buy back arrangements, especially to schools, where payroll are able to support simplified processes with lesser charge.

External income is circa £90k, which represents 60% of the overall Payroll budget.

- The Workforce Information team provide regular reports to managers which help to identify issues that need to be dealt with. This includes monthly detailed reports to Directors.

It is however, recognised that Payroll is not a core activity.

Section 5 Option Appraisal Future Delivery Options

Human Resources has been outsourced as a function by a minority of Councils across England and Wales. The most well-known examples of outsourcing of HR include:

- Liverpool City Council
- Blackburn & Darwen Council (Unitary)
- Lincolnshire County Council

■ Milton Keynes Council (Unitary)

Within the South West of England, the only examples are Bath and North East Somerset (Unitary) and Mendip Council.

A number of other Authorities have seriously examined whether HR should be outsourced (Kent and Wiltshire County Councils) but have elected to retain services in-house following in-depth reviews.

Where outsourcing of HR has taken place, it is typically part of the outsourcing of a significant number of support services and sometimes front line functions as well. For example, Blackburn & Darwen Council has outsourced HR; Financial Services and Property Management. Bath & North East Somerset Council has outsourced IT and HR. Where outsourcing has taken place, it has normally been to one of the well-known national service providers such as Capita or Hyder. There are no known examples of where a large Authority has outsourced HR as a discrete function. Some District Councils (such as Mendip, who buy their HR service from Somerset County Council) have outsourced their entire HR function, where it was clearly more cost effective to buy in a service, given the size of the Authority (Mendip has 200 employees).

Why has HR been Out-sourced in some Authorities?

Although the number of Authorities where HR has been out-sourced is small, the principal reasons for outsourcing include:

- Need to secure substantial investment in HR/IT infrastructure, which was unavailable directly from public funds (Blackburn & Darwen);
- Large scale re-engineering of business processes across an organisation to provide more customer-oriented service delivery models e.g. establishment of one stop shop/call centre business model in Liverpool;
- A need for HR to focus on providing more value-added rather than transactional services which might best be delivered externally (Bath and North East Somerset).

Realising significant cost savings does not appear to have been a major driver in influencing whether outsourcing of services would be beneficial.

Outsourcing is a more mature market within the private sector and is well-established amongst certain big multi-nationals (e.g. BP; Shell; Cable and Wireless; BT). Typically, where such services have been outsourced, it is the **transactional** services, such as recruitment administration; payroll and basic employee relations advice which have gone. An in-house service has been

retained to provide strategic business advice and help manage complex organisational changes and employee relations issues e.g. redundancy exercises; relocations etc. Cost saving has been a significant driver – providing transactional services via a central call centre rather than through an expensive local office network around the UK.

Lessons learnt from outsourcing

There has been substantive information published on the lessons learnt from those who have outsourced and conversely, decided not to outsource HR services. Key themes emerging include:

- The organisation needs to articulate clearly what benefits it is seeking to gain from outsourcing and what risks might arise so that a detailed evaluation takes place prior to embarking on a procurement process;
- If an external provider is seen to be a viable service alternative, the ethos and culture of that provider are important – do they support the values and approach to people management which the Authority is trying to promote?
- Strategic HR cannot be effectively outsourced as it is intrinsically linked with the way the organisation wishes to develop and succeed.

Trends in delivery of HR services

A more significant trend evident from research is that increasingly local authorities are seeking to work in partnership with other public and private sector organisations to secure the effective delivery of certain aspects of HR service. This trend towards “shared services” is more noticeable than outsourcing per se. The HR functions which are most likely to operate on a shared service platform include:

- Recruitment management;
- Delivery of training and development, in particular management development;
- Payroll and pension services
- Occupational health, welfare and counselling services.

Torbay Council's HR services are already delivered on a partnership basis for certain key functions. Its occupational health and counselling services are purchased externally, whilst certain management development programmes are run in partnership with Teignbridge Council. Devon County Council currently provide pensions advisory and recruitment administration services for Torbay.

Payroll

Payroll is more commonly found as part of finance or exchequer functions and has been outsourced as part of a financial services package or as a standalone function.

It is important to distinguish at this stage between primary tier authorities and district councils as the payroll function is significantly different in each type of authority not least with the inclusion of teachers and social services within primary tier authorities.

Although full outsourcing of payroll is not uncommon in district councils, despite their relatively small size, this still tends to be to a local primary tier authority. e.g. Horsham District Council to West Sussex County Council.

Fully outsourced examples of primary tier authorities include

Buckinghamshire County Council
Berkshire County Council
Oxfordshire / Kent

Within the South West of England the only example is Somerset County Council who have made the decision to return the service in house and are evaluating the options available to deliver this.

Other South West primary tier authorities have also evaluated outsourcing as part of payroll service delivery review, usually but not exclusively, due to associated external factors most commonly IT systems

Devon County Council
Plymouth City (Unitary)
Poole Borough (Unitary)

None, however, has elected to outsource the service.

Why has Payroll been outsourced in some Authorities?

Where outsourcing has been considered or implemented it is typically been brought about by the need to secure substantial investment in payroll software or IT capacity to deliver development.

Where IT services have already been outsourced required changes to the IT contract in order to continue may also be deciding factors (Somerset County Council).

Torbay Council were fortunate to receive funding in preparation for Unitary status to purchase a system that not only covered the functionality requirements for payroll but was also a complete integrated HR system. This system has been developed into the market leader. Having already made the purchase of the software upgrades and extra functionality is relatively inexpensive.

An alternative to full outsourcing is now available in the form of flexible solutions. A number of software providers now offer a range of different managed services. These range from providing the hardware required, managing the hardware, part processing to bureau service.

These flexible solutions are popular where authorities do not have the resources for some functions in house but wish to maintain the flexibility of the in-house service provision.

Kensington & Chelsea and North Yorkshire County Council have both retained payroll services in-house but use their software suppliers to provide hardware management services to support the function.

Trends in payroll delivery options

Outsourcing, although seen widely as an answer to continued investment and business procedure simplification has not worked for a number of Authorities or outsourced providers.

External providers to Buckinghamshire CC are no longer in the local authority market.

Kent County Council (CPA Excellent) are not renewing their contractual relationship with their provider and are bringing the service back in-house. In the South West, Somerset County Council have also made the decision to return to in-house provision.

Flexible solutions are gaining in popularity where expertise to support the key function of payroll is not available in house. This is especially so where IT support is not available in house and this also allows software suppliers to remove a major obstacle from implementation.

Partnership working especially between local authorities might look attractive, although the competing needs of partner requirements is often too disparate for these to be successful.

Of the unitary authorities created in the late 1990s in the South West only two are using their associated County Council platform. (Poole & Bournemouth with Dorset CC). Poole are currently evaluating new software.

The tri-lateral agreement between Somerset, Devon and Dorset County Councils for development of the in-house Dorset system has now collapsed. Somerset withdrew without signing up and Devon have now withdrawn due to alleged non-performance.

Benchmarking Data

The table below shows how the Torbay Council HR Directorate performs in terms of benchmarking data. Information on Human Resources and Learning and Development is benchmarked on a national basis. The information for Payroll is on a South West basis. The reason for this is that there is a benchmarking club for Payroll in the South West which does not exist for Human Resources.

Indicator	Norm	Torbay Council	Meaning
HR Cost per FTE	Unitary Mean £333 Public Sector Mean £395	312.2	The HR Department costs less per FTE than the Unitary and Public sector mean
HR Dept costs as a % of total Council revenue	Unitary Mean 0.5 Public Sector Mean 0.5	.0.48	The HR Department costs less as a percentage of total revenue than the Unitary and Public Sector mean
% of HR Dept that are Managerial /Professional	Unitary Mean 68% Public Sector Mean 63.7%	74.6%	There is a high percentage of staff in HR who provide a professional/managerial service. As a rule, the higher the percentage, the better the service provided by the department.

Indicator	Norm	Torbay Council	Meaning
FTE per central training function	Unitary Mean 662 Public Sector Mean 672	689	Each member of the Learning and Development Team provides a service to more FTE of the organisation than the Unitary or public sector mean.
Cost per Employment	Average for South West Unitaries £48.52	£45.71	The cost of employment is less in Torbay than the average of South West Unitaries (ranked No 2 across the South West)
Total cost per payslip	Average for the South West Unitaries £3.76	£3.19	The cost of payslip production is less in Torbay than the average of South West Unitaries (ranked No 2 across the South West)

Core Services

The data shows that in terms of the core service (Human Resources/Learning and Development), the Directorate represents good value for money. The benchmarking available does, however, focus on input measures rather than outputs. The Human Resources Business Plan and Strategy is attached and this demonstrates the anticipated outcomes and outputs from the newly formed directorate. A copy of strategies from other Authorities/organisations are available for information.

The HR Directorate has been successful in generating additional income from schools who buy back services from Torbay Council HR Directorate. The results of the recent review of Services to Schools has shown that they are largely happy with the service but have requested the option for additional support in the form of 'surgeries'. This has been included in our services to schools portfolio. We have also undertaken to review how schools are charged for payroll services.

The correct solution in terms of recruitment can not yet be agreed. A review is currently being undertaken to determine what is the best way of delivering both the strategic and the administrative sides of a recruitment service. The recruitment administration is currently undertaken by Devon Recruitment Services although the short term contract will run out in June 2004.

There are several potential solutions which will need to be considered, costed and discussed including;

- Continuing with Devon Recruitment Service
- Bringing the service back in house but in a devolved way
- Moving to a centralised in house service
- Working with a partner e.g. Job Centre plus
- Finding a bay-wide solution e.g. with NHS, Job Centre plus etc

The results of the review are expected at the end of May 2004.

To date, there has been no strategic recruitment work done in the Council except by individual directorates. This will change under the new HR Directorate and business plan.

The Learning and Development team already ensure that there is a mixture of providers in terms of delivery of the training plan. This happens because of the lack of capacity in the central team or because of specialist skills required to undertake training, which may best be provided from an external source. The Learning and Development Team generate income for the HR Directorate and have a contract with Teignbridge Council to deliver certain aspects of training for them. We anticipate that given the recent budget, the income generation aspect of the team will increase.

The Learning and Development Team was also successful in securing £100k from the Office of the Deputy Prime Minister for the equalities agenda and the Professional Manager programme. Both were key aspects of the strategic plan and the change management plan.

The Learning and Development Team have linked up with the Learning Skills Council to pilot a basic skills course for staff in the Environment Directorate. We would like to pursue further work with the LSC but also with the main trade unions who also have funding available for basic skills courses.

The HR Directorate is looking at developing a Training centre for the Council. It is hoped that a unit at Vantage Point (South Devon College) will be available for corporate Learning and Development, Social Services (and partners) training and Schools Professional Development Centre. This would generate economies of scale for the Council. In addition, it may provide the opportunity to work either with South Devon College or as a single entity to generate additional income for the Council e.g. providing management courses to external organisations. In the short term, the Social Services Training Team are moving into the current South Devon facility and the

Directorate hopes to make use of spare capacity in that unit to save on expenditure on external venues.

The core functions of HR have already been through a restructure, implemented on 29 March. It is also undertaking a re-engineering review to maximise efficiency and use of resources. The restructuring is aimed at tackling some of the issues that have arisen from the best value review, i.e. taking a more proactive, strategic approach to HR.

Non Core

In terms of non core services (Payroll), again the data shows that the service run by Torbay Council offers good value for money compared with similar organisations across the South Coast. This despite the fact that in the comparison group of unitary authorities Torbay are the second smallest and can not rely on economies of scale. The structural make up of our workforce is in statistical terms significantly different to a number of the other authorities in the comparison group in that we have a large weekly paid workforce. This can flatter the price per payslip comparison and it is therefore advisable to also compare the cost per employment which gives a better overview of the comparative costs.

The Payroll function also generates significant income, more than 60% of its direct costs, through the buy back of services from schools, two external contracts and although in its infancy, the sale of advertising space or material distributed with payslips. The fact that all Torbay schools buy back the service evidences the level of confidence in the Payroll function. The Payroll team have also been part of the review of services to schools. The feedback showed that although the service was generally satisfactory they would welcome a simplification in some of the processes and a review of the charging structure.

The business processes will be reviewed and simplified where possible as part of the process re-engineering project in HR which Payroll are leading. The charging structure adopted for the schools is currently a charge based on a combination of pupil numbers, historically how schools were funded and employment numbers reflecting the amount of work required within payroll. The reality today is that funding in schools is now available from a number of different sources, of which some are not pupil number based. We are therefore looking to simplify and clarify the charging structure and charge on an employment basis for payroll services to better reflect economic reality.

The potential for additional income is two-part, payroll and non payroll activity. As part of normal payroll activity we will seek to expand our number of

external contracts, although we are constrained by legislation in terms of what work we are able to take on. The area in non-payroll activity which has greatest potential is that of advertising. Payroll are currently developing a new payslip format to make the process of distribution more cost effective and at the same time reduce our own stationary costs. This will enable more efficient distribution of material. These changes will enable payroll to also distribute internal communications and potentially fund changes to the payslip content to provide greater information.

The HR system used by payroll is structured to ensure that the data has meaning and reflects the Council's structure. For example the post and grade a person has is held within the system not just the salary they might be due. This enables the workforce information team to extract data and statistics. By providing data on our workforce whether it be sickness absence or age profiling as a Directorate we are able to influence policy and strategic direction to ensure that workforce requirements are taken into account. As more data is collected onto the system this will grow from the workforce information schedule provided Directors to become a more sophisticated menu driven service for managers.

The loss of the income from payroll and the loss of potential increases in income would have a significant impact on the Directorate budget. Like many services the proportionately high fixed costs mean that any loss of income in the short term would lead to a diverting of any additional income from development needs to prevent higher charges. In the medium term any higher charges may lead to the service becoming non-viable. The Directorate works as a joined up entity not only internally but also in its connections with other Directorates. Internally the need for an HR system would remain for efficient data collection and reporting ability. Externally other council systems would require data feeds, notably the general ledger for payroll costs but also other job costing systems currently utilising the HR system. Other support services, including IT and Printing, would also see a reduction in income.

There are two external contracts which total £5,000 and an additional £3,500 is generated through advertising on the payslips. Schools currently buy back Payroll services to a value of £80,000. This income could be lost if schools choose not to buy into our services.

Section 6 Ideal Scenario for Future Delivery

Given the relatively new nature of the Directorate and the recent restructure, the ideal scenario for the HR Directorate is as follows: -

Human Resources Remains centralised and run internally but contracts for income generation to be maintained and pursued. Re-negotiation of contracts with schools. Explore joint working arrangements. Restructuring to be considered to meet the needs of the Council.

Learning and Devt Remains a centralised team but with a mixed economy approach. Partnership working to be explored potentially linked to 'corporate learning centre' with South Devon College. Contracting out of relevant training requirements where appropriate. Potential for further income generation or grants to be pursued

Payroll Remains centralised and internal but pursues further contracts with external organisations. Pensions service to remain with Devon County Council. Re-negotiation of contracts with schools. Explore joint working arrangements.

Recruitment Await review but potential for mixed economy solution.

Section 7 Service Improvement Plan

See attached. The Service Improvement Plan will be included in the business plan for HR. Proposed additional improvement actions are as follows;

- Continue to process reengineer key HR procedures to ensure efficiency
- Consider results of the Recruitment Review and test the feasibility of establishing a Central Recruitment Team (in possible partnership with other public sector organisations, e.g. Health)
- Approach Job Centre Plus to take over the advertising and administering of jobs
- Approach and obtain funding from the Learning and Skills Council for training and development
- Extend income generation through joint working with other local authorities in the provision of training events to pump-prime the learning and development budget.
- 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.

Section 8 Monitoring Delivery

Monitoring of our delivery will be through our Business Plan for the year which is monitored in by the Performance Board.

The Support Services Best Value Improvement Plan will also be reported half yearly to the Overview and Scrutiny Board.

Internal monitoring within HR will also be undertaken through regular 1:1 reviews and HR Management meetings.

Section 9 List of Appendices/Attachments

1. Options Appraisal
2. Proposed Improvement Plan
3. New HR Structure
4. HR Strategy (available on request from Democratic Services)
5. HR Business Plan (available on request from Democratic Services)
6. HR Service Level Agreement (available on request from Democratic Services)

SUPPORT SERVICES REVIEW: ISSUES

Generic Issues

- **Service Level Agreements (SLA'S)** need to be reviewed (to ensure that they are robust, client focused, clearly state service provider/customer relationship, embedded into the wider planning cycle, delivering to need and regularly monitored)
- **Recharges** need to be reviewed (to ensure that they are clearly explained to the client, agreed in consultation, reflect appropriate and equitable corporate/service relationship. Financial information provided in general to service managers is not very 'user friendly' and is therefore not as useful as managers would like when making decisions about current and future service provision)
- **Performance management** is patchy (though some services have some good performance management measures in place, in most cases management information either needs reviewing, does not relate to Council priorities or customer need, is incomplete or not regularly monitored or completely lacking)
- **Consultation with stakeholders** is lacking (as with management information, whilst some services have developed mechanisms for regularly consulting with their stakeholders, in most cases this is either done on a very ad hoc basis or not at all)
- **Services are often delivered based on historical service providers assumptions, rather than existing stakeholders needs** (linked to this is a general **lack of 'risk management'** when determining support service provision e.g. there has been little discussion with service users as to the level/standard of service they are willing to receive/pay for or in determining the balance between a 'Rolls Royce' service and meeting statutory requirements)
- The handling and **monitoring of compliments/complaints** internally between services is patchy (though most services receive a mixture of compliments and complaints, there is no systematic logging and monitoring within most services. This is viewed as being in part due to

confusion as to the definition of what a compliment/complaint is and how much resources the organisation should be putting into monitoring them

- **Support services do not market themselves** to their stakeholders effectively (in some cases stakeholders both within and outside the Council may be unaware of the range and types of services provided)
- There is some tension and **confusion between providing services to the corporate 'core' and 'frontline' services** (e.g. support services are sometimes 'torn' between meeting statutory requirements and corporate priorities and ensuring the right support is available to staff providing services direct to the public)
- **An artificial barrier sometimes exists between staff in different departments** who do not see themselves as providing an homogenous service (e.g. in planning a new tree the planner, solicitor and arboricultural technician are working together to provide 'one' service to the public).

Service specific issues

Human Resources (cross-cutting)

- A Training Strategy and the co-ordination of training within the Council needs to be developed, in order for the authority to become a 'learning organisation'
- The review could be extended to include all training
- A Corporate view is required of the recording, manipulating and storage of personnel records, including the 'capture' of RADAR extracts. We need to explore IT development within this area
- We need to include an initial evaluation of the success of the candidate administration pilot
- An HR Strategy and vision is required
- Continuous Professional Development (CPD) training needs to be reassessed
- Development of management information training (linked to using IT)
- Simplified payroll processes
- Opportunities for income generation in payroll and training (business case assessment)
- Staff ratios (HR to organisation, roles in HR, admin./professionals)
- Ill-health retirements (How many, implications, trends)
- Challenge outsourcing.

Human Resources

- Historically there have been very few quality standards and this is the first year that the Service will be developing SLA's. In some cases it is quite difficult to spell out service provision within a SLA
- Strike the right balance between being reactive and proactive
- Re-evaluate how we record our work e.g. project sheets, etc.
- Need to develop on the existing consultation exercises
- Go further in terms of benchmarking
- Audit have recommended that the Information Management Group consider the introduction of a single master personnel file for each employee to be held centrally, together with the development of appropriate mechanisms and methods of recording, storing, updating and retrieving files. There is a need to ensure that strategic linkages are in place so that HR Personnel have appropriate details for all staff. HR is aware of examples where a department has conducted a restructuring exercise on its own, including amending/developing new job descriptions, and not informed the HR Team
- There are resource/cost implications in developing some of the capability available from the HR Information System
- Inspection by Internal Audit (and the views of customers) has identified that recruitment and candidate administration processes and procedures are not working as they should. In some cases HR feel that they are no longer 'part of the loop' and are missing out on receiving vital data.

Payroll

- Potential to provide payroll services to other organisations (as long as this is not detrimental to the provision of services to our core 'customers')
- In the longer-term, through the harmonisation of terms and conditions and streamlining of processes, it is envisaged that more employees will be paid via BAC's
- HR is developing a query logging service to respond to letters. At present, quite often we do not have the information we require in relation to historical records
- Current reliance on one key post in terms of development expertise
- Payroll recognise communication is an issue and are actively trying to reduce the number of instances where clients are going away 'confused' re the response they have been given.

Learning & Development

- The training budget cannot currently meet all the issues that were identified as requiring immediate attention within the CMP and therefore, the CG Steering Group have prioritised the recommendations
- Need to identify what we are spending corporately on training and how this is being co-ordinated. Training is also provided by IT, Education, Social Services, etc. A central record is required of what is going on
- The idea of having a corporate training centre has been discussed previously and this may be one way in which these issues can be resolved
- Managers are not releasing their staff to go on training events due to workload pressures, which has a detrimental affect on morale and the skills of staff
- Training needs to be more linked to a HR Strategy and Corporate Strategies but at the same time training issues need to be picked up via the RADAR process
- We need to improve how we identify training needs within the Council and the HR Information System can play a part in developing this
- Need to prepare in advance to meet Equality Standard
- Development of competency framework
- Absence Management Policy is not fully understood across the authority at present
- HR needs to have a strategic role within the Council and be recognised as such.