

## **Report of the Director of Human Resources to the meeting of the Executive to be held on 7 July 2020.**

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**BY**

**Subject: Future Delivery of HR Advisory Provision**

### **Summary Statement:**

This report asks the Executive to consider the future of Human Resources advice to managers and agree on how this should be provided in the future.

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**Corporate Overview & Scrutiny Area:**

Corporate

## **1. SUMMARY**

- 1.1 This report asks the Executive to consider the future of Human Resources advice to managers and agree on how this should be provided in the future.

## **2. BACKGROUND**

- 2.1 On 24<sup>th</sup> June 2014 Executive agreed to proceed to the award of a contract for the provision of frontline HR advice.
- 2.2 The current service provision has been in place since August 2014 through the current provider. Although in addition to the original contract, other services/upgrades have been provided through the service contract at an additional cost. The current contract for the provision of HR advice and coaching to managers has been extended to August 2021 with a 6-month break clause, which provides continuity of service pending Executive approval. The contract cannot be extended beyond this date.
- 2.3 HR services currently provided as part of the contract:
- An advice line for managers open between 8.00am and 6.00pm (Monday to Friday), providing support and guidance on a range of 'in-scope' workforce topics, such as sickness, performance, conduct, maternity/paternity
  - A manager and employee knowledge portal, providing access to policies and procedures
  - A case management system, providing 'live' case information for managers
  - Delivery of specific training workshops to managers on 'best practice'
  - Working with the Council to provide coaching and mentoring training
  - A case management and knowledge portal system to Bradford Council's HR Traded Service (PACT HR).
- 2.4 Additional services provided through the current service contract:
- Upgraded intranet to incorporate 'dynamic workflow technology'
  - The creation of an employee intranet to access information
  - A web-based management information portal, with additional dashboards
  - Provision of training to managers
  - New system allowing for easier access to a HR Advisor.
- 2.5 A review of the performance against the specification of the existing service was considered at Overview and Scrutiny Committee on 12 September 2019. Following this performance review and in light of the termination date for this contract a project team was established to assess options.

## **3 OPTIONS APPRAISAL FOR THE FUTURE DELIVERY OF HR ADVICE AND SUPPORT**

- 3.1 No further extensions of the existing contract are possible therefore the options

considered were to issue a tender for a new contract for HR advice and support; shared service solution with neighbouring authority(s); or to bring the service in-house.

3.2 A project team chaired by the Director of Finance and IT reporting to the Strategic Director of Corporate Resources was established. Terms of Reference were agreed by project team attendees drawn from HR, Procurement, Legal, Finance and the Project Management Office, and project workstreams were established to undertake a thorough review and option appraisal. The project teams specifically evaluated:

- Current performance. To identify any performance issues or areas of good practice that would need to be addressed within any future arrangement. Including any feedback received from managers.
- Scope of services. To ensure services being delivered are aligned with the needs of the organisation, and if services are to be tendered are aligned with market delivery. The service scope also considered any impact on existing retained HR functions.
- Soft Market Testing. To evaluate any potential market interest in service provision, to ensure any proposed tender would secure responses from suppliers.
- Shared Service Solution. Neighbouring authorities were approached regarding a potential shared service solution.
- Case Management System. The current case management system is provided by the existing provider. An assessment was undertaken to evaluate any implications arising from continued access to a case management system.
- Transition Planning. To ensure effective transition planning to any new solution could be achieved and delivered.
- Impacts upon wider HR service. To understand whether there were any consequential impacts that need considering.

### 3.3 Current Performance

In assessing performance of the current contract, consideration was made to:

- Contractual performance metrics  
Performance has been assessed through feedback, survey and performance metrics of the existing contract.

**The contract is relatively mature and a number of iterations made ensure performance is aligned to changing requirements. Feedback from managers will be used to inform future delivery.**

### 3.4 Scope of Services

An assessment of the services to be included in scope / out of scope of any possible re-tender exercise was undertaken. The scope of the current contract has been reviewed and refined slightly based on:

- Assessment of internal feedback received

- Assessment of current performance specifically additional knowledge gained in 'client' role
- Soft market testing feedback

Assessment indicates there are certain aspects of service delivery that should be part of any future scope / delivery model for future HR advice and support. The table below indicates those specific items that were viewed by service recipients to work well and need to be continued, along with those areas that need to be considered and addressed.

<b>Replicate/Works Well</b>	<b>Address/Do Differently</b>
Availability of Service	Volume of emails/calls
Timeliness of response and related KPIs	Cases closed when shouldn't be – NFA or while in formal monitoring/improvement period
Case Management System	Advisory to other HR teams handoffs
Centralised Advice	Case durations – too long
Service for routine enquiries and advice	Complex cases
Management Information	Desire for some face to face advisory
Clear case flows	Manager up-skilling and accountability

As part of the service review Human Resources (HR) have identified a need for more targeted oversight and have identified the requirement for additional face to face HR Advisory/employee relations support for managers. This will be factored into the future advisory service delivery model. Any new resource is expected to come from existing HR budgeted resource allocation and will be consulted upon as part of the re-structure of HR.

Both delivery models still require managers to undertake the on-going management of their staff through a predominantly self serve model. However, the new service delivery models will address capability and confidence issues and better support managers.

**Feedback and assessment provides a clear indication of future requirements that will be reflected in any new delivery solution. The revised scope aligns well with market propositions and if services were to be tendered we could anticipate competitive propositions.**

### 3.5 Soft Market Testing

Soft Market testing was undertaken to engage the market in any future specification / tender exercise to understand market interest and proposals for the scope of any future tender exercise.

A PIN was published in August 2019. Organisations were asked to express an interest in the provision of services specifically covering:

- A HR advice and support service.
- A HR web based portal for managers and employees.

- Training and learning for managers.

52 responses were received, and further engagement and questions asked of responders.

**The response to the PIN showed that there is a competitive market for the provision of the type of services required.**

### 3.6 Shared Service solution

Neighbouring Councils were approached through existing Finance and HR networks. A number of Councils did express an interest in providing the service, however, their service propositions are understandably 'under-developed' at this stage. One Council was positive about a potential shared-service model.

**Any shared service model would need developing with partners; a model does not currently exist that we can migrate to. There is interest in developing a shared service model, which may progress with Devolution.**

### 3.7 HR Case Management System

An assessment was undertaken to consider implications upon the existing HR case management system which is provided under existing contract arrangements by the current provider. The assessment considered implications from either a future tender exercise or an in-house solution.

The soft market testing exercise undertaken in August 2019 provided significant assurance as all providers confirmed their solution included the option of HR case management functionality.

**This provided assurance regarding any subsequent tender proposal.**

An assessment of existing case management systems in use within the council concluded existing case management systems are service specific, and a significant amount of be-spoking would be needed to maximise potential for HR case management; thereby additionally compromising their use for existing purposes. Solutions. Be-spoking will further incur ongoing IT support, maintenance and development costs.

**Existing case management systems within the Council are not suitable options for adoption for HR case management.**

A further soft market testing exercise was undertaken in February 2020, combined with a desktop research exercise undertaken against the Gov.uk. Digital Marketplace

**The evidence from the PIN and the Gov.uk Digital Marketplace website shows that there is a competitive market should we wish to run a tender process for the provision of a HR case and call management system; either as a stand alone solution or part of tendering the service provision.**

### 3.8 Transition planning

The existing arrangements with the current provider include contractual obligations regarding exit and transition planning including migration of case management information.

The current contract term provides sufficient time to manage and deliver effective transition from current provider to new solution.

Should agreement be reached to in-house the service the proposal would be to tender for a case management system in advance of serving 6-month break clause to mitigate risks of transition.

### **3.9 Impacts on wider HR Service**

The project team considered potential impacts upon the wider HR service arising as a result of the existing contract coming to an end. The team concluded there were no material issues arising under the scenarios of the service being re-tendered and the existing provider being successful; or another provider being successful; or the service being in-housed.

The team noted the in-housing arrangement may require the TUPE inwards of a small team that will be folded into existing structures. It was also noted that Service operating processes will need some slight changes to maximise benefits of a New Operating Model.

A new operating model will further connect people advice into our core values and equalities work, which we are committed to strengthen.

**There are no material barriers to continuing with an outsource model or through in-housing the service.**

## **4. FINANCIAL & RESOURCE APPRAISAL**

The cost of the original HR advice and support contract was £1.5m over 4 years, £31,250 per month.

Additional Financial information is set out in Appendix 1 (Not for publication).

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

The main risks are in relation to any transition planning from existing provider and solution to new provider / solution. Project timelines are sufficient to allow effective transition planning and delivery.

An additional risk is in relation to assumptions regarding potential TUPE from incumbent provider to any future provider or to the Council. Individuals eligible for TUPE have been estimated, although until notice is served on the contract the exact numbers will not be identified and may be more or less than assumptions. Any potential under-resourcing or over-resourcing of TUPE staff is expected to be manageable within HR resources during the transition period.

A further risk is whether forecast costs are relevant. The main financial assumption is that the current cost of delivery is a reasonable estimation of future tender price. Full tender of the service may return a higher or lower price than forecast.

## **6. LEGAL APPRAISAL**

Any procurement activity will be carried out in accordance with the Public Contracts

Regulations 2015 and Councils' Contract Standing Orders. All social value activity shall be carried out in accordance with the requirements set out in the Public Services (Social Value) Act 2012.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 apply where activities cease to be carried out by a contractor on a client's behalf and are carried out by the client on its own behalf (known as a service provision change), **provided that** immediately prior to the service provision change there is an organised grouping of employees which has as its principal purpose the carrying out of those activities, and that those activities are fundamentally the same after the service provision change. It is not known at this stage whether there is an organised grouping of employees of the contractor which has as its principal purpose the carrying out of those activities. If TUPE does apply, then those employees will automatically transfer to the employment of the Council, if the Council takes over this activity.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

All HR advice and information is provided within the framework of employment, equality and diversity legislation and good practice.

### **7.2 SUSTAINABILITY IMPLICATIONS**

None

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

None

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

None

### **7.5 HUMAN RIGHTS ACT**

None

### **7.6 TRADE UNION**

The trade unions are a key stakeholder in effective workforce management. They have and will continue to be engaged with the provision of HR advice and information and the model used for this provision. The trade unions support an in-house service provision that provides local jobs.

### **7.7 WARD IMPLICATIONS**

None

### **7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

None

## **7.9 IMPLICATIONS FOR CORPORATE PARENTING**

None

## **7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

## **8 NOT FOR PUBLICATION DOCUMENTS**

Appendix 1 is not for publication and is exempt from disclosure in accordance with paragraphs 3 (financial or business affairs) of Schedule 12A of the Local Government Act 1972. It is considered that, in all the circumstances, the public interest in maintaining these exemptions outweighs the public interest in disclosing the information.

## **9. OPTIONS**

The options considered were re-tendering the service or bringing the service in-house. It is recommended for the service to be brought back in-house for the following reasons:

- The most economically advantageous proposition
- Potential for future shared service provision with neighbouring authorities
- Best potential for integration with retained HR Advisory to provide an end-to-end service fulfilment offer, reducing hand-offs and potential duplication.

## **10. RECOMMENDATIONS**

1. That approval be given to bringing in-house the HR advice and support service as set out in this report.
2. That approval be given that service metrics be maintained and reported through Corporate Management Team and for these metrics to include compliance with processes by managers.

## **11. APPENDICES**

Not for publication Appendix 1 – Financial Information.

## **12. BACKGROUND DOCUMENTS**

None.



