

Report to:	CABINET
Date:	17 MARCH 2025
Heading:	HR SHARED SERVICE DELIVERY MODEL
Portfolio Holder:	EXECUTIVE LEAD MEMBER FOR GOVERNANCE, CLLR VICKI HESLOP
Ward/s:	NOT APPLICABLE
Key decision:	YES
Subject to call-in:	YES

Purpose of report

To update Cabinet in respect of the shared Human Resources (HR) service delivery model following the Cabinet decision in 2022 to extend the shared provision for a further 5 years and to seek authority to propose making changes to the delivery model as set out in the report.

Recommendation(s)

Cabinet is recommended:

- 1. To approve the Council's preferred option to transfer the role of Host Authority for the Human Resources (HR) Shared Service to Ashfield District Council (ADC) and to delegate authority to the Executive Director, Governance to seek Mansfield District Council's (MDC) views and agreement to the proposal;**
- 2. Subject to obtaining the formal agreement of MDC to ADC becoming Host Authority, to delegate authority to the Executive Director, Governance in consultation with the Executive Lead Member for Governance to;**
 - a) agree the timeframe and processes for the transfer of the role of Host Authority with Mansfield District Council;**
 - b) implement the necessary processes for the transfer of the role of Host Authority with Mansfield District Council; and**
 - c) agree and finalise the Service Level Agreement to reflect the change of Host Authority.**

Reasons for Recommendation(s)

The Corporate Peer Challenge (CPC) recommended the Council review the HR Shared Service delivery model to ensure it is able to deliver the Council's ambitious organisational transformation programme at pace.

The benefits to the Council taking on the Host Authority role are detailed further in the body of the report.

Alternative Options Considered

To continue with the shared service and for MDC to continue to host. This is not the preferred model for the reasons set out in the report.

Detailed Information

The HR Shared Service is responsible for:

- HR provision including review and application of policies, guidance, employee relations, attendance management
- HR support as part of Service Reviews
- Payroll services for employees, Elected Members and elections staff. Includes processing pay, overtime, allowances, pensions, and statutory payments and data returns to His Majesty's Revenue and Customs (HMRC), Local Government Pension Scheme (LGPS), etc.
- Management and administration of individual employee files
- Recruitment Portal and services
- Learning, Development and Training programmes
- Union Engagement and Negotiation
- Occupational Health contracted service
- Application of Job Evaluation/Moderation
- Application of Pay & Grading Structure
- Self-Service – e.g., Time recording, leave management, etc.

The HR Shared Service **is not** responsible for:

- Approval of HR policies.
- Approval of Single Status Agreements involving Employee Terms and Conditions
- Approval of Collective Agreements with Trade Unions
- Determination of Pay & Grading Structures including salaries
- Determination of Job Evaluation Scheme
- Level of Organisational Risk Appetite
- Staff restructures
- Employee Relations Decisions e.g., dismissals on grounds of misconduct or capability

Responsibility for the above falls to Council, Cabinet and/or Head of Paid Service and managers in accordance with the Council's Constitution, Scheme of Delegation and HR Policies.

Background to the Shared Service

As part of the programme of implementing shared services between ADC and MDC, the Shared HR Service commenced on 1 December 2013 where it was agreed that MDC would host the service. ADC-HR Service employees transferred to MDC. The initial Service Level Agreement (SLA) was for a period of 5 years with an option to review.

The key drivers for implementing the shared service were primarily: increased staff resilience, shared expertise and driving efficiencies (shared systems, staff costs, pooled contract costs).

Prior to the end of the initial 5-year period, a review was undertaken that highlighted a high level of achievements delivered through the HR Shared Service and confirmation that the key drivers had been met with a saving to both authorities of over 25% in efficiency costs. The continuation of the HR Shared Service maintained the best value for money service delivery option for both ADC and MDC. In 2017 it was agreed that MDC would continue to provide the shared service for a further 5 years. The second, 5-year period ended on 30 November 2023.

At its meeting on 27 September 2022, the Cabinet considered options for the future delivery of the HR service and agreed to continue with the Shared Service delivery with MDC as Host Authority for a further 5 years ending on 30 November 2028.

Delivery Model Review

The Council underwent a Corporate Peer Challenge during June 2024. The CPC produced a series of recommendations which have since been accepted by Council and an action plan developed.

The CPC recognised that the Council:

“has an exciting organisational transformation programme underway. Most notably, this includes the implementation of its DMA programme,

The council's organisational transformation programme also includes the LGA's existing support to the council, and ADC's HR team's work, on a workforce planning review, aiming to reach level four maturity. This project involves: the consideration of the council as an employer of choice, retention and opportunities to grow its own officers through alternative approaches such as 'career graded' posts, apprenticeships, and graduate positions.

Staff are excited and supportive of the council's learning and development programmes via

its HR Team for existing and future managers. Staff for example spoke positively about ADC's Aspiring Leaders programme, which the council runs with its HR partner Mansfield District Council with some support from the LGA.

The council is however experiencing issues with its HR partnership with Mansfield District Council, not least because it is based in Mansfield. This makes it more distant and removed from where ADC staff would like it to be, and makes it harder to work most effectively with the partnership, particularly at the pace sought by ADC.

There are also mixed views on the council's job evaluation (JE) scheme, which is not being undertaken at pace. Views expressed to the peer team include that the pay outcomes of the JE process is making it difficult to attract and recruit talent. The pace of undertaking job evaluations is seen to be slowing down some service reviews, risking reducing the speed at which savings can be made. A key question raised by staff was whether it is the JE scheme itself, or its application, which is the route of dissatisfaction.

In light of these HR partnership and JE issues, ADC recognises that it needs to review its HR needs and reconsider the purpose and role of any future HR function and JE scheme in a timely way. This will enable the council to progress what its needs to support and get the best from its staff. This includes ensuring JE is being practically and consistently applied throughout ADC to achieve clear, appropriate and agreed goals to align with and progress the council's ambitious pace of change requirements. ADC has already established a specific project to progress and deliver the JE review and implement job families consistently across the council."

The Council has accepted Recommendation 7 of the CPC to:

"Review your human resources (HR) arrangements to ensure access to timely, quality advice and support required, to match the pace and scale of your ambitions – various problems you are experiencing with your HR partnership mean that it is not supporting you as well as it could. It is also holding back the potential of your staff. Therefore review the partnership, better clarify your HR needs, and reconsider the purpose and role of any future HR function. This will help you make progress on what you need to get the best from your staff and support them."

This report seeks to address this recommendation. The review of HR is specified in the Council's published CPC Action Plan, to be completed by end March 2025.

The future key requirement of the HR Service remain as set out in the 2022 Cabinet report:

- A pro-active approach, developing and supporting the implementation of policies that empower managers. Streamlined processes.
- Clear advice – provided within a consistent framework that supports the implementation of policies and outlines/acknowledges risks, rather than avoiding these
- Workforce development to help progress the strategic direction of the Council
- A strong learning and development provision, with access to appropriate on-line provision
- An effective integrated HR/Payroll system to provide functionality and access for self-service for managers/staff to optimise opportunities for automation and digitalisation
- Positive employee relations - good relationships with trade union representatives and a continuing focus on resilience and wellbeing
- A visible and accessible service – for managers, trade union representatives and employees to encourage early interventions (nipping issues in the bud) and relationship-building.
- Organisational priorities that require HR strategic and operational lead and drive include:

- Organisational change
- Workforce planning

- Learning and development
- Flexibility to address new areas of focus
- Reviews of policies and processes
- Modernising recruitment and pay/rewards/job evaluation (JE)
- Casework and supporting attendance and performance

The benefits of a shared HR service remain the same, namely: cost efficiency; value for money; increased team resilience; a wider breadth of HR skills and knowledge.

The main issue identified by the CPC which therefore needs to be addressed, relates to the Council's ambitious transformation programme and the pace required to deliver that change. In order to address this, a proposal for the Council to take over the hosting of the service from MDC has been explored via engagement with the Chief Executives and other relevant staff of both authorities including the HR Team. Formal employment related consultation and due diligence with potentially affected staff has not been undertaken or activated as yet, this will come as part of an implementation phase in the event the proposal is accepted by both Authorities.

ADC becoming the Host Authority would deliver the following benefits:

- direct management including service planning, key tasks, setting and managing timelines, and priorities
- directly influencing and invoking performance management
- direct provision of strategic leadership and development in line with the Corporate Plan, and the Organisational Development Strategy of both authorities as well as operational support
- stability of line management to Executive Director, Governance
- ensures enhanced accessibility and integration of HR into decision making
- ensuring the Council and its employees are in a strong position for forthcoming change through Local Government Reorganisation (LGR)

As part of the discussions with MDC this Council would commit to:

- a timely service review using our comprehensive transformation, customer experience, financial and digital resources. The review would be focused on alignment to the different needs of each authority
- fast track modernisation of the service and enhancements to the service

In the event that the proposal is accepted by both Councils, in order to support the Executive Director, Governance in the implementation phase, it is expected that ADC will engage interim specialist HR resource; this also avoids conflicts of interest as the HR team could not provide HR advice across both authorities for this process (the HR team will be able to continue to advise the existing Host Authority as their employer).

Initial discussions have taken place with MDC's Chief Executive and Mayor and at this stage they are minded to look favourably on the proposal, subject to the detailed negotiations and consultation with staff.

In the event that both Councils agree with the proposal, a project team will be established incorporating both Council's staff to implement the transfer, including employment matters. It is expected that existing staff would transfer to Ashfield District Council in accordance with TUPE

legislation. The SLA will require small amendments to identify the change of Host Authority and incorporate MDC's Annual Delivery Plan.

Subject to the agreement to the proposal, in order to ensure the change can be delivered in a timely manner, it is recommended that the Executive Director, Governance (in consultation with the Executive Lead Member for Governance) is delegated the following:

- to agree the timeframe and processes for the transfer of the role of Host Authority with Mansfield District Council;
- to implement the necessary processes for the transfer of the role of Host Authority with Mansfield District Council; and
- to agree and finalise the Service Level Agreement to reflect the change of Host Authority.

Implications

Corporate Plan:

Provision of HR and Payroll services provides support across the Council to ensure delivery of the Corporate Plan key priorities.

Legal:

In the event the Cabinet agrees with the proposal to transfer the role of Host Authority to ADC, the Service Level Agreement will require review and amendment.

Detailed employment matters will be considered as part of the implementation phase in the event both Councils agree with the proposal. As set out above, it is anticipated that TUPE will apply and MDC staff will transfer to ADC on their existing terms and conditions of service. [RLD 21/02/2025]

Finance:

Interim specialist resource costs would be met from corporate transformation reserve. [PH 27/02/25]

Budget Area	Implication
General Fund – Revenue Budget	Existing budget for ADC plus existing budget for MDC would transfer
General Fund – Capital Programme	Not applicable
Housing Revenue Account – Revenue Budget	Existing budget for ADC plus existing budget for MDC would transfer
Housing Revenue Account – Capital Programme	Not applicable

Risk:

Risk	Mitigation
<p>Inability to progress transformation keeping pace with the Council's ambitions</p> <p>Proposal not accepted by MDC.</p> <p>Local Government Reorganisation</p>	<p>The recommended proposal is designed to ensure the transformation programme is delivered at the required pace.</p> <p>Initial favourable discussions have already taken place with MDC and it is anticipated that if the proposal is accepted, negotiations will progress in a timely fashion.</p> <p>The proposal ensures the Councils have a strong HR resources to support their staff through LGR transition.</p>

Human Resources:

The transfer of host authority would be under TUPE regulations and full consultation with all affected employees would be undertaken. All employees would transfer on current terms and conditions which in order to change these there would need to be an Economical, Technical or Operational (ETO) reason which would be reviewed as part of a service review post transfer.

Due diligence would be undertaken to identify contractual changes at the point of transfer for operational reasons e.g. pay date. [RLD 25/02/2025]

Equalities:

No implications due to the report recommendations.

Other Implications:

Not applicable

Reason(s) for urgency

Not applicable

Reason(s) for exemption

Not applicable

Background Papers

Not applicable

Report Author and Contact Officer

Ruth Dennis

EXECUTIVE DIRECTOR GOVERNANCE & MONITORING OFFICER

ruth.dennis@ashfield.gov.uk

01623 457009