

Pros and Cons of the 3 different service delivery models-Insourcing, Shared Service and outsourcing.

Insourcing	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Returns full control of the service to the Council under a single point of accountability to achieve improved performance • Provides the potential for Council efficiencies over time through the integration with other services such as HR Professional and Recruitment and Finance Services and through the deployment of technology. • All HR and Finance staff would be working to a single strategy and a common set of objectives. • Maximises career progression opportunities within the Council to improve recruitment and retention of staff. • Flexibility to respond to change quickly. • More opportunity to influence behaviour through direction and support . • Removes any commercial conflict of interest where a supplier is unwilling to invest in the service where it would increase cost. • No provider profit to pay. • No contract management resource required. 	<ul style="list-style-type: none"> • Increased Council pension liabilities • Insourcing may result in less commercial rigour which could result in FTE costs increasing and a reduction in performance monitoring. • Passes the cost and operational performance risk to the Council who has no recent experience or track record of delivering some of the services. • The Council must now take full responsibility for the services at a time when there is a labour shortage. • Where things go wrong the Council will no longer have a provider to share the reputational risk. • Places a management burden on the Council which will consume management capacity which could have been focused elsewhere. • Any improvements/change would need to be driven by the Council. • Lose the opportunity of having a Payroll and HR admin provider that also provides the HR System where they have a vested interest to resolve any system issues arising quickly to ensure payroll is not disrupted. • Introduces a big change into the Council at a time when the level of existing change is already great and where there is no partner to share the work required to deliver.

Shared Service Model Payroll and HR Administration	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Hoople have a detailed knowledge of the Council's new BW system having built it, putting them in a better position than others to run payroll from day one. 	<ul style="list-style-type: none"> • The Council would have less control of the services as the shared service governance would have to consider the interests of other organisations in addition to LCC.

<ul style="list-style-type: none"> • The Council would not have the management and staffing burden of operating the services. • Increased assurance might be had from a provider with a proven record of delivery. • Hoople will base the existing staff and managers in Lincoln. • Hoople would provide the system and service so there would only be one provider to go to if things go wrong. • There would be reduced hand-offs between the system team and the HR and Payroll Teams. • As a shareholder we will have some influence in the way the services are developed. • As a shareholder we will not pay profit to Hoople. • As we will be paying the service cost whatever is agreed, Hoople won't be including risk contingency in their pricing. • No need for a tender process saving time and resource and Serco staff assured to improve TUPE outcomes. • We know Hoople and know we can work with them. • Transition risk would be less as the data and Payroll solution would already sit with Hoople. • Hoople has consistently high-performance levels. • Hoople is used to working with schools • Pension costs would be lower for Serco staff transferring into Hoople's pension scheme rather than LGPS. 	<ul style="list-style-type: none"> • Hoople has no direct experience of delivering Fire payroll but paragraph 3.24 of the report sets out mitigations. • We will not be able to pass the risk around the operating cost to Hoople as we could in a commercial outsourcing. • We will not be able to pass commercial charges or service credits onto Hoople should there be a lack of performance • There may be challenges as the senior management structure would be geographically remote with the delivery staff based locally. Paragraph 3.26 of the report sets out mitigations. • The Council will have less control of the quality of staff recruitment. • The resources needed for LCC to manage the shared service. • Continued fragmentation between HR Professional services and HR Administration and Payroll.
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Competitive Tender	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Current model works reasonably well. • The operational risk and all that entails including the management burden and financial risk transfers to a third party. 	<ul style="list-style-type: none"> • The indications are that there is no market for public sector Payroll and HR Administration and Finance services on their own.

<ul style="list-style-type: none"> • Pension costs would be lower for Serco staff transferring into a new provider's pension scheme. • Serco has consistent high performance levels but the provider could change. • Increased assurance might be had from a provider with a proven record of delivery in the CSC. 	<ul style="list-style-type: none"> • The Council will have less control and influence over how the service is delivered and developed. • The uncertainty of a tender exercise may impact on current service delivery. • A commercial profit would be charged. • The model would be profit driven which could get in the way of service development. • For HR Admin and Payroll Hoople would provide the system and another third party the services increasing the hand offs and decreasing accountability. • There would be less flexibility and agility as changes would need to be negotiated through a contract. • Resources would be needed to manage the contract.
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