

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

<b>Insourcing</b>	
<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Returns full control of the service to the Council under a single point of accountability to achieve improved performance</li> <li>• 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.</li> <li>• All HR and Finance staff would be working to a single strategy and a common set of objectives.</li> <li>• Maximises career progression opportunities within the Council to improve recruitment and retention of staff.</li> <li>• Flexibility to respond to change quickly.</li> <li>• More opportunity to influence behaviour through direction and support .</li> <li>• Removes any commercial conflict of interest where a supplier is unwilling to invest in the service where it would increase cost.</li> <li>• No provider profit to pay.</li> <li>• No contract management resource required.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Council pension liabilities</li> <li>• Insourcing may result in less commercial rigour which could result in FTE costs increasing and a reduction in performance monitoring.</li> <li>• Passes the cost and operational performance risk to the Council who has no recent experience or track record of delivering some of the services.</li> <li>• The Council must now take full responsibility for the services at a time when there is a labour shortage.</li> <li>• Where things go wrong the Council will no longer have a provider to share the reputational risk.</li> <li>• Places a management burden on the Council which will consume management capacity which could have been focused elsewhere.</li> <li>• Any improvements/change would need to be driven by the Council.</li> <li>• 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.</li> <li>• 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.</li> </ul>

<b>Shared Service Model Payroll and HR Administration</b>	
<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

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

- 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.

- 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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