

BRISTOL CITY COUNCIL
HUMAN RESOURCES COMMITTEE

For Information

19th NOVEMBER 2009

Report of: Service Director: Strategic HR & Workforce Strategy

Title: Business Transformation Programme - Use of Contractors ('Interim Managers')

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RECOMMENDATION

In response to its earlier resolution, this Committee is asked to note the information enclosed regarding the use of external resources by the Council specifically in relation to the business transformation programme.

Summary

At its meeting on 19th February 2009 this Committee resolved that:

"the use of Interim Managers, would be presented to the Human Resources Committee on a six-monthly basis".

This report responds to this request.

The significant issues in the report are:

The level and type of change ongoing across the Council requires skills and resources not available internally, leading to the use of external support including 'interim manager' contractors on a planned and managed basis.

In respect of Business Transformation, the report to Cabinet in June 2008

(Appendix 5; Programme Level Business Case) identified the need for external support in the range of £3.84M to £5.05M over the years 2008/9 and 2009/10 in relation to the work envisaged at that point. Expenditure in 2009/10 has been £1.3m.

The costs of contractors are being contained within existing budgets and reserves.

Contractors are mostly engaged by the Council to deliver specific pieces of work requiring expertise and experience not available from existing Council staff. On occasion, contractors will occupy management or other specialist posts within the Council but this is limited and usually due to recruitment gaps, and used on an interim basis only.

This report is submitted for information only.

1. Policy

- 1.1 The Council uses contractors in circumstances where it does not have the requisite skills available, and is unable to make an appointment through normal recruitment channels, eg by internal temporary appointment, acting up, secondment or transfer.
- 1.2 Contractors are engaged through procurement frameworks and tendering processes to ensure value for money.
- 1.3 The Council has strong processes in place both to ensure that existing staff are not available who could fulfil the required tasks, and to require clear justification for the resources.

2. Consultation

2.1 Internal

This report is submitted to this Committee at the request of Members, in response to questions raised by the Trade Unions.

2.2 External

Not applicable.

3. Context

- 3.1 In Autumn 2008, the Council commenced its wide ranging transformation work, designed to realise substantial and long lasting benefits. This work was always anticipated to need external support since the Council did not, for the most part, have the necessary skills in house. This approach with related costs was stated clearly in the report to Cabinet of June 2008.
- 3.2 Local Authorities, the Public Sector more widely, and the Private Sector routinely use external support for large scale change. These span from Joint Ventures and Strategic Partnership vehicles, through supplier arrangements with Outsourcing, Consulting and Systems Integration firms, and on to use of the contractor marketplace.
- 3.3 Bristol City Council uses contractors who have demonstrable and proven skills and track records in the tasks required and where we do not have the skills in house. Given the size and scope of the council-wide change programme including management reorganisation and the number and wide range of programmes and projects, there has been a requirement throughout 2009/10 to use contractors.
- 3.4 Contractors who are engaged as part of the business transformation programme are required because the Council does not have sufficiently qualified and experienced staff in key business areas such as business process re-engineering, business analysis, technology design and specification, and programme and project management. While large scale change is ongoing across the Council there will be a continuing need to use contractors as it will not either a) be the right course of action to recruit as the requirement is short term or b) be possible to attract suitably qualified and experienced staff within the constraints of Council grading and salary arrangements.
- 3.5 It is important to highlight that we have in place arrangements to transfer skills and learning from contractors to permanent staff so that through time the Council will be less reliant on external support and will therefore spend less on contractors in relation to the overall effort required. We will continue to develop and enhance training and other forms of support for our own staff. In particular the new in house “portfolio, programmes and projects” service team has been established to strengthen capacity and skills across the Council.
- 3.6 The cost of contractors is offset against savings to the Council, and is met from agreed budgets. Costs of contractors are a small percentage of the long term savings that will accrue as change continues and grows

across the Council. This is laid out in the financial implications in this report.

- 3.7 The information contained within this report refers to 'interims' used to support the Business Transformation Programme only. Periodically (including a small number at present), the Council engages interim managers/consultants in other areas of the Council, where it does not have the skills or capacity in-house. This report does not include information regarding 'interims' for these other programmes/initiatives.

4. Proposal

This report is submitted to this Committee for its information only.

5. Other Options Considered

- 5.1 At the commencement of large scale transformational change, consideration was given to the engagement of a strategic partner to supply the skills and resources required. It was clear that amongst other considerations this was highly likely to offer poor value for money in most circumstances against the alternative of using contractors.

6. Risk Assessment

Not Applicable.

7. Equalities Impact Assessment

Not Applicable.

Legal and Resource Implications

Legal

The Report summarises the reasons for and the use of contractors. It is important to ensure that where a contract is extended beyond 12 months there remains a clear agreement in place defining the relationship between the Council and the contractor. In the absence of this the Council may be at risk of a claim from the contractor that he/she has obtained employee status.

Advice from Husinara Jones on behalf of the Head of Legal Services.

Financial

(a) Revenue:

Appendix A indicates that some £1.3m is planned to be spent in 2009/10 on interim managers. These costs are contained within existing revenue budgets or Transformation Programme budgets.

It is important to note that these figures are based on what is currently planned. Since we are at an early stage in the change process across the Council, further changes are highly likely to be required, with associated increases in both savings and costs.

(b) Capital:

Not Applicable.

Advice from Stephen Skinner, Finance Business Partner : Resources, Transformation & Deputy Chief Executives Directorates

Land

Not Applicable.

Personnel

The Chief Executive has, (in conjunction with the Strategic Director: Resources), introduced a robust consultation process, which Strategic/Service Directors and their senior managers are required to comply with, before they engage contractors/interim managers/consultants.

Appendices

Appendix A - Forecast on the use of Interim Managers during 2009/2010

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 Background Papers:

None.

Forecast on use of Interim Managers during 2009/2010

<u>Service Type</u>	<u>Total (£)</u>
Human resources / STS	136,407
Management / Strategy	113,178
Operational improvement consulting	605,740
Programme / Project Management	463,076
	1,318,401