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PROFILE

Organisation: **Southampton City Council.**
 Interviewee: **Jackie Standen.**
 Job Title: **Head of organisational development.**
 The Subject: **Southampton has used HR & payroll outsourcing as a means to introduce innovations such as employee self-service while improving its own service delivery.**

Q: WHY DID YOU DECIDE TO OUTSOURCE YOUR HR AND OTHER SERVICES?

A: We realised that a number of services in the council needed modernisation and improvement but felt there was investment required to make the necessary changes.

By partnering with a third party we could build on their expertise to improve our services while at the same time making cost savings.

Q: HOW DID YOU SELECT YOUR OUTSOURCING PARTNER?

A: We sent out an OJEU (Official Journal of the European Union) notice and made this as flexible as possible so that additional services could be included in the future.

After a long evaluation process, we selected Capita as our preferred bidder and signed a strategic services partnership for 10 years with them to cover the provision of HR and payroll, IT, revenue & benefits, customer services, property and procurement services.

There was a very short time from the council signing off the agreement in August 2007 to transferring over some 600 people on 1 October.

Unusually we transferred the whole of HR, which included health & safety, occupational health & learning and development. We retained a client function in the council for

each of the service areas but from 1 October the transferred services were all managed by new heads of service from Capita.

The transition went incredibly smoothly – lots of fast peddling underwater but nothing went wrong and services were still provided.

Q: HOW WILL YOUR HR AND PAYROLL SERVICES CHANGE?

A: What we have bought from Capita is a layered service

model that will provide employees and managers with self-service facilities and change the way that they interact with HR. It is a model we wanted to implement ourselves but did not have the internal resources to do it.

Capita have invested a lot of time reviewing our processes and operations to see how they can be improved and will implement the new model to provide a better and more efficient service.

To date, we have introduced employee self-service and that's been incredibly well-received. The learning and development side has been enhanced to provide a better range of courses with much easier booking, while a new recruitment portal has improved our recruitment processes.

The first year has really been bedding in the new operation in preparation for the 'big push' and the full HR/payroll transformation. From 1 April we will launch a single point of contact for all HR/payroll services.

We will have a CRM system so that we can track all employee contact. This will improve case management, allowing cases to be monitored to ensure that consistent advice is being given and any issues can be quickly escalated if required.

The whole process will be managed in a more professional and robust manner. More and more activities will be conducted online but managers will also have much better access to management information, so rather than having to ask for information it will be available much more quickly online.

Manager self-service will enable the processing of mileage and overtime claims online so

ORGANISATION FILE

Southampton is recognised as a leading commercial, cultural and retail centre on the south coast. It is a unitary authority with a population of around 230,000 and Southampton City Council employs approximately 10,000 staff.

Its stated aim is to transform its services to be as efficient as possible in order to meet the needs of its citizens. To drive this, the council has formed an outsourcing partnership with Capita covering many of its services, including HR and IT.

The outsourcing contract stipulates that the services will remain in Southampton and not be delivered from any other location.

To achieve this, Capita is developing a modern six-storey office building, opposite the civic centre, as a regional business centre from which to deliver the services. The new building will provide accommodation for both council and Capita staff.

The hope is that other councils will join with Southampton, to make this a regional hub and be a centre for expertise and efficiency.

To facilitate this, a framework agreement is in place with Capita to allow other councils to take some of the services – such as payroll or IT – without having to go through the time-consuming OJEU (Official Journal of the European Union) notice.

that things will be a lot slicker. For us it's an entirely different way of working.

It has not been an easy year and the three months from January to April will be equally pressurised as we finish the preparation for the transformation of the HR/payroll service, all the time ensuring that there is 'business as usual'.

Q: DID YOU HAVE ANY STAFF ISSUES WITH THE TRANSFER OF SERVICES?

A: Initially the staff were not in favour of the change and were sceptical. The trade unions were also very vociferous in their opposition to the move; we did experience some issues with regard to employee relations.

However, during this time we communicated regularly with the staff and Capita did a very good job of selling the benefits of the new organisation to them. By the time approval was given, the majority of the staff were stating that they were looking forward to working for Capita.

Q: HAVE YOU HAD TO CHANGE YOUR SKILLS SETS TO MANAGE THE NEW WAY OF WORKING?

A: Very much so. My colleagues and I are still ultimately responsible for a service that we no longer directly manage. So it is a very different way of working, we have had to learn a lot of new skills in terms of contract management, commissioning work, etc, and also in obtaining buy-in from the rest of the council.

We have renamed our internal HR function as 'Organisational Development' because we are responsible for setting the strategy for change within the council as a whole. This might just be a name change but it also alters the focus of our unit as well.

Q: HAVE YOU HAD ANY PROBLEMS WITH SERVICE LEVELS TO DATE?

A: In terms of the overall contract we have had very few problems and have not experienced any issues with our



PERSONAL FILE

NAME: Jackie Standen.

BACKGROUND: Jackie has been head of organisational development at Southampton City Council since January 2008 and was previously interim head of HR for the organisation.

She has over 30 years' experience in local government, having worked as a social worker and in education and housing. She was head of performance and planning for the council, being responsible for policy co-ordination for the Resources Directorate (IT, HR, exchequer services, revenues and benefits, customer services, property, procurement and finance) prior to her interim appointment.

Her present responsibilities are for the HR/payroll service, currently delivered by the council's strategic services provider (SSP) Capita, and for leading the change programme for the organisation.

KPIs (key performance indicators) that would cause us concern.

We have service specifications and a contractual financial model with Capita. The individual specifications lay out quite clearly what we expect and there are clear KPIs and PIs (performance indicators). If they are not met, then ultimately there can be financial implications.

There is a carefully designed monitoring process for all the services. With HR/payroll it is always more difficult as we are evaluating quality of service as well as raw figures; this entails reviewing case work.

We also have a comprehensive governance arrangement, where we have review meetings set for members and directors as well as operational group meetings to address any issues.

Q: HOW ARE YOU PREPARING THE STAFF FOR THE NEW WAY OF WORKING?

A: Capita have brought in an enormous amount of expertise to ensure that the correct IT and operational structures are all in place for the transformed HR/payroll operation. They know that the next few months are critical and are working to get the right staff in the right posts and make sure they are all

well-trained.

On our part, we have a management academy and are working with Capita to ensure that all our managers are well-trained and are shown how Southampton requires its managers to support employees.

We have both been working very hard to prepare our staff for the new environment and realise that people will need help in adapting to this.

Q: WHAT MAJOR BENEFITS HAVE YOU SEEN FROM THE NEW SERVICE?

A: I think generally we have a far more business-like approach to our operations across the whole partnership which will bring about efficiencies and budget savings.

At the end of the day, while we want to offer excellent services we need to be very prudent about the money we spend.

One of the benefits that Capita brings to us is their expertise in transformational projects. We have already seen some very big savings in our procurement operation and we are working on the transformation of other services that will bring enormous benefits.

Q: WHAT ADVICE WOULD YOU GIVE TO OTHER ORGANISATIONS CONSIDERING A NEW HR SOLUTION?

A: You need to spend as much time as possible on the contractual issues – we had a tight time line. There need to be clear specifications and a good understanding of all the processes and what the implications would be.

It is also vital to communicate continuously with your staff so they understand what is happening and you can avoid any potential conflicts. This is an area that I think we got right and could share with other organisations on how to bring staff on board and make sure they are well-informed.

This is essential in gaining buy-in to the project and ensuring long-term commitment and success.