

Ref PHD: 026/09

Subject:	Learning and Development
Responsible Officer:	Carol Cutler Director of Business Transformation and Customer Service
Portfolio Holder:	Paul Osborn, Portfolio Holder for Performance, Communications and Corporate Services
Key Decision:	Yes
Urgent/Non Urgent:	Urgent
Power to be exercised:	Part 3A of the Constitution, Terms of Reference of Portfolio Holder for Performance, Communications and Corporate Services
Exempt:	No (except for appendix A, exempt information under paragraph 3 of part 1 of schedule 12A of the Local Government Act 1971(as amended))
Enclosures:	<ul style="list-style-type: none">• Learning and Development FBC (Part 2)• Equalities Impact Assessment• Letter from UNISON

Section 1 – Summary and Recommendations

Recommendations:

That the Learning and Development Project be approved to proceed in line with its Business Case.

Reason:

The contract with Capita will reduce costs whilst maintaining excellent service and contribute to an improvement in our use of resources.

Section 2 – Report

2.1 Introduction

This report summarises the case for outsourcing the provision of the Learning and Development service. It has been developed as part of the Business Transformation Partnership and has therefore been subject to an Outline and Full Business Case (see Appendix A).

In November 2008, CSB considered an Outline Business Case to introduce a Learning and Development (L&D) managed service to cover the 'corporate' L&D programme. CSB agreed to proceed with a Full Business Case (FBC) despite the potential savings being relatively small.

During the development of the FBC, the Council decided to make reductions in L&D budgets and in order to mitigate the impact of the reductions, agreed that the FBC scope be revised to include all current council L&D activities.

2.2 Supporting the Corporate Strategy

It will support the 9 step plan through supporting personal development in a cost effective manner.

2.3 Options considered

Other options considered (see section 2.13 below) were:

- Continue to deliver the service as currently provided;
- Develop an 'in-house' option
- Deliver savings through a more incremental approach.

2.4 Current situation

Learning and Development is provided by the Council within the Human Resources and Development Service.

2.5 Why a change is needed

Effective implementation of the L&D Strategy & Framework relies in part on effective management and monitoring of L&D activities and related spend. The FBC sets out proposals for a L&D managed service that will enable accurate tracking of spend and deliver meaningful management information on L&D activities and spend, and support the delivery of further efficiencies.

The outsourced services will:

- Provide single point of contact for course administration management
- Deliver full visibility of all L&D spend by the Council
- Enable all learning for managers and staff to be tracked
- Introduce the capability for online booking and authorisation of courses
- Integrate with SAP for Purchase Order raise/approval
- Enhance online learning capability
- Provide access to a professional, proven L&D procurement capability

The key benefits will be:

- The Council/ Directorates will be able to track and analyse L&D spend (how much spent on what)
- The Council/ Directorates will be able to capture L&D activities and employee training records
- Existing suppliers can be maintained by the Council provided they are registered with the L&D Managed Service and can demonstrate they meet our requirements and quality standards
- Managers will be able to access Capita L&D procurement services to market test existing suppliers on a shared benefit basis
- Managers will continue to work with Council L&D Advisers to design and specify learning and development activities
- Partners and other organisations will be able to book on to shared learning and development activities through the L&D Managed Service
- Opportunity to make significant savings in the cost of training
- Introduce a standard governance structure that will give the Council full oversight on spend, and the options around any significant supplier decisions
- Introduce the established Capita L&D Contact & Administration service
- Introduce a proven system to track all bookings and spend decisions
- Integrate with SAP to ensure consistent authorisation processes
- Introduce a comprehensive MI regime to ensure stakeholders receive both high level and detailed reports on a monthly and quarterly basis with full spend and forecast analysis and with additional structured feedback on the performance of all suppliers
- Provide the Council with cost effective access to a professional L&D procurement team that will be responsible for negotiating commercial terms with identified preferred suppliers
- Work with the Council to save at least 12% in annual spend

2.6 Recommendation:

That the programme be approved to proceed in line with its agreed Business Case.

2.7 Resources, costs and risks

All costs and resource are detailed in the Full Business Case, and are for a ten year period.

A risk analysis is contained with the Full Business Case, but key risks have been highlighted as:

- need to ensure the full buy-in and support of the leadership team;
- it will take 6 months to get the new delivery model fully up and running, limiting our ability to realise cost savings in 2009;
- risk that managers/staff do not adopt the new processes (ie work outside of the system);
- risk that there are IR issues with unions;
- risk that governance around training spend is not clear/agreed.

The Council is commencing a transformation programme which will review the way all services are delivered. In order that the Council can review the service delivered and consider any alternative actions that may be required, along with the associated implications, a formal 'Options Review' will be scheduled at the end of the 4th year of the contract.

2.8 Staffing/workforce

Development and delivery of the project and new service will be provided by Capita.

The current service is delivered by the Council's Human Resources and Development Service and the proposal will result in the TUPE transfer of 3 employees who are assigned to this work. The proposals are based on the new service being delivered from Capita's Swindon operation and consequently employees who transfer will also be at risk of redundancy. The Council will seek to redeploy those staff prior to the transfer.

Relevant staff and trade unions have been fully engaged and consulted through the development of this proposal. In accordance with statutory requirements, a formal consultation process has been undertaken on the proposals for the transfer of L&D administrative services to be delivered by Capita and this closed on 17th August 2009. Appendix B is UNISON's formal response to that consultation and the issues they have raised are addressed below on a point by point basis:

1. Savings

The financial implications, including potential redundancy costs of the proposal, are set out in 2.11 of this report.

2. System Integration Costs

The technical integration has been designed to meet the requirements of the service, not as a full integration. Developing SAP to match the capabilities of CourseBooker would cost significantly more than the integration costs. It should also be noted that this approach would leave the risk with the Council. The current proposal is fixed-price, with the risk held by Capita.

The integration will not require manual input of financial data, but will enable the use of SAP SRM for training event authorisation utilising the existing 'shopping-cart' technology. We do not envisage extending this integration further.

3. A High Performing (in house) Service

In describing the current service, the Outline Business Case, stated that 'the service operates efficiently' and this has been emphasised during meetings with the staff. The business case identifies the costs and benefits, both financial and operational, of transforming the L&D administrative process. It is also important to recognise that under this proposal the Council will retain the L&D Advisory Service and Capita would only manage the administration function.

4. Service Improvement Plan

There is no underperformance issue to be addressed, the rationale for the proposed managed service is explained above and set out in the business case.

5. Alternative Proposals

- 'Learning & development as a 'centre of expertise' with a dedicated team of trained (SAP) 'super users' – SAP does not have the functionality of CourseBooker and this option would not deliver the benefits available through the introduction of CourseBooker.
- 'L&D to operate like a business in partnership with neighbouring boroughs' – This proposal does not restrict further development of partnership working. The retained L&D Advisers remain responsible for commissioning L&D for the Council and have already established links with L&D Services in other Boroughs.
- 'L&D to support being an 'Employer of Choice' by working with the community and providing an information advice and guidance service' - The retained L&D Advisory Service which includes the Information Advice & Guidance Officer will continue to be able to deliver this service under the 'matrix' accreditation. Any further development of this service would require its own business case and would be separate from the current proposal.

- 'L&D to work more closely with the colleges' - This proposal does not restrict our partnership working with local colleges. The Council's Strategic Workforce Development manager and the retained L&D Advisers remain responsible for developing and maintaining these relationships and have been successful in accessing over £800k grant funding to deliver the Learning 4 programme.

6. The People Impact

Equalities Impact is covered within 2.9 of this report. The impact on the 3 employees for whom the proposal will potentially result in a TUPE transfer is covered in 2.8 above. The social identity of these employees is known, as is the fact that the proposal will have a differential adverse impact on account of their gender ethnicity and religion. However, the proposal is justifiable on the grounds of the benefits set out above and in the business case. An Equality Impact Assessment has been carried out and a copy the draft Questionnaire / Checklist is attached at Appendix C.

7. Capita – An equal partner or promoter of interest

The Council's strategic partnership with Capita was agreed by the Council in October 2005 and was established in full consultation with UNISON. The L&D Managed Service proposal has been developed through that partnership agreement and is being considered through the appropriate Council decision making process.

2.9 Equalities impact

An Equality Impact Assessment of the proposal to transfer L&D administration to a Capita managed service has been carried out and a copy the draft Questionnaire / Checklist is attached at Appendix C.

Any changes for staff will be dealt with under the Council's Protocol for Managing Organisational Change, which has been equality impact assessed.

2.10 Legal comments

The programme has been progressed under the auspices of the Business Transformation. The effect on the staff can be justified by the full business case.

2.11 Financial Implications

The Council has reviewed the business case and compared the costs presented by Capita against the costs of delivering in house.

The benefits that the Council have signed off as being achievable are £1,417k (£225k non-cashable). After both Capita and Council costs, and discounting the non-cashable savings, this amounts to a net cost to the Council of £94k (based on MRP).

The Council has full visibility of the Financial Model based on the open book principles of the original Partnership contract. This includes full visibility of third party supplier costs and the Capita margin and overhead.

The deal as presented by the Learning and Development project is in line with the Incremental Strategic Partnership.

Benefits will be tracked using the BTP's established benefits management process involving the use of signed benefit cards, and monitored by the Director of BTP and Customer Services and the Director of Finance.

The Council intends to avoid the cost of redundancies by redeploying the affected employees. In the event that not all employees are redeployed provision has been made with the existing budget to meet the cost of any redundancy.

2.12 Environmental Impact

There will be a small reduction in the number of staff, with consequent benefits in terms of reduced CO2 emissions from travelling. However overall there will be no significant environmental impact.

2.13 Performance

Indicator	Current Performance	Impact
Value for Money Profiles	The Council currently does not have systems in place to capture the data required to report performance for Learning and Development	The improved reporting of financial and L&D management information will better enable the Council to monitor and improve performance
CAA - Use of Resources	KLOE 3.3, the workforce element of the Use of Resources assessment was not assessed in 2008/09.	The improved availability of L&D information will enable the Council to better demonstrate that it effectively aligns staff development with strategic priorities and objectives.

Section 3 - Statutory Officer Clearance

Signature:		
Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: August 2009		
Signature:		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 25 August 2009		

Section 4 – Performance Officer Clearance

Signature:		
Name: Liz Defries	<input checked="" type="checkbox"/>	on behalf of the* Divisional Director (Strategy and Improvement)
Date: August 2009		

Section 5 – Environmental Impact Officer Clearance

Signature:		
Name: John Edwards	<input checked="" type="checkbox"/>	on behalf of the* Divisional Director (Environmental Services)
Date: 24th August 2009		

Section 6 - Contact Details and Background Papers

Background Papers:

- Full Business Case
- UNISON Response to the Proposal
- Equalities Impact Assessment

Contact: Carol Cutler, Director of Business Transformation and Customer Service,
Ext: 6701

Signature:

Position: Director of Business Transformation and Customer Service

Name (print) Carol Cutler

Date: 25th August 2009

For Portfolio Holder/Leader

- * I do agree to the decision proposed
- * I do not agree to the decision proposed
- * Please delete as appropriate

Notification of personal interests (if any):

(Note: if you have a prejudicial interest you should not take this decision)

Additional comments made by and/or options considered by the Portfolio Holder

Signature:

Portfolio Holder

Date: