

EAST HERTS COUNCIL

HUMAN RESOURCES COMMITTEE – 7 JANUARY 2009

REPORT BY SIMON DRINKWATER, DIRECTOR OF  
NEIGHBOURHOOD SERVICES

8. RECRUITMENT SERVICES

WARD(S) AFFECTED: ALL

'D' RECOMMENDATION – (A) that the agreement with Hertfordshire County Council and Manpower for the provision of recruitment services, be noted; and

(B) to approve the key performance indicators

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1.0 Purpose/Summary of Report

1.1 The Council to enter into a shared recruitment service with Hertfordshire County Council (HCC) and Manpower PLC.

2.0 Contribution to the Council's Corporate Objectives

2.1 Fit for purpose, services fit for you.

3.0 Background

3.1 The Human Resources Committee agreed, at its meeting held on 19 October 2006, the process for the review of the Council's advertising contract. The investigation of the options available to the Council has revealed that the most advantageous solution is to join with Hertfordshire County Council and Manpower to use their recruitment centre.

3.2 The Human Resources Committee agreed, at its meeting held on 25 October 2007, the possibility of entering into an agreement with HCC and Manpower PLC for the provision of recruitment services for the Council should be investigated. Further, if suitable terms could be agreed, it felt that the Executive should be requested to consider authorising an agreement.

- 3.3 The opportunity to work with partners and take advantage of shared service benefits commenced with initial conversations with HCC in 2007. These conversations have progressed and a proposal has been made by Manpower for provision of a recruitment service in partnership with HCC.
- 3.4 A shared services review was completed between East Herts, Hertsmere and Welwyn Hatfield Council's in April 2008. A number of potential areas for shared services were identified; policy development, recruitment, training and development and benefits. This was not progressed further due to all three Council's becoming members of the Herts HR Partnership.
- 3.5 East Herts became a member of the Herts HR Partnership in August 2008. The partnership's purpose is to identify areas for joint/partnership working, to increase HR capacity and effectiveness across Hertfordshire. Members of the partnership are HCC and Hertfordshire District Councils (excluding Three Rivers and Watford Borough Councils). Specific responsibilities are:
- To identify areas for joint / partnership working
  - To research new ways of working in partnership
  - To implement joint / partnership working where it has been identified to benefit HR
  - To share HR best practice across Hertfordshire
  - To contribute to the Pathfinder project
  - To provide a pool of investigators to assist in complex case work.
  - To identify areas for joint procurement of training / systems / products.

A meeting was held in September 2008 to agree an action plan for joint working. A number of actions were agreed under recruitment services: to research the opportunities to have all recruitment for Councils in Herts to go through one portal; research Cambridgeshire's joint recruitment model and research the different models for joint recruitment, i.e. one recruitment team for whole of Herts.

- 3.6 Executive agreed on 25 November 2008 that the agreement with Hertfordshire County Council and Manpower for the provision of recruitment services, be approved.

## 4.0 Report

### 4.1 Current Recruitment Service

- 4.1.1 On appointment of the new Head of People and Organisational Services, a three month HR review was completed to identify the areas where East Herts meets best practice and to recognise areas where development and improvement are needed to ensure East Herts Council is 'a great place to work'. A number of findings related to the recruitment service.
- 4.1.2 The current process was found to be out of date in terms of being paper based and time consuming both for recruiting managers and candidates. Candidates had no option but to apply using a paper or electronic Word version application form as the recruitment process did not take advantage of an online application system. Recruiting managers spent a considerable amount of their time using template letters to invite and reject candidates to interviews, as the recruitment administration was not completed centrally by Human Resources.
- 4.1.3 Advertising was specific to a particular vacancy and therefore economies of scale were not regularly taken advantage of in the terms of generic adverts and gaining value for money.
- 4.1.4 Existing temporary and permanent contracts with Reed Employment had expired and no favourable terms had been renegotiated. Human Resources was also not aware of any contracts entered into by recruiting managers with other agencies, so had no control centrally on agency rates or recruitment spend.
- 4.1.5 It was found that the recruitment process did not support managers to recruit hard to fill or skill shortage vacancies. No management data was analysed and used to support workforce planning, improve the quality of candidates or develop a planned strategy to reduce recruitment spend.
- 4.1.6 East Herts did not have a sustainable strategy to respond to recruitment and retention challenges. For example, there are occupational shortages in environmental health, planning and building control, mirrored by competing neighbouring Councils.

## 4.2 Recruitment and Retention Strategy

A number of actions were identified as part of the review to support the findings on the recruitment service:

- To develop a recruitment and retention strategy, as a vital part of the People Strategy 2008-2011.
  - To integrate workforce planning with strategic, financial and service planning.
  - Use robust population, labour market and workforce data to develop a comprehensive picture of current and future recruitment and retention needs.
  - Develop streamlined, efficient and effective recruitment processes and systems to source high quality people.
  - To manage staff potential by improving career structures and succession planning to retain those most needed.
- To look into opportunities available to East Herts to work with partners.
- To identify internal actions (such as redesigning roles or processes) to improve recruitment and retention problems.
- To identify external actions (review external suppliers) to improve the quality of applicant and ensure value for money.

## 4.3 Working in partnership

- 4.3.1 The opportunity to work with partners and take advantage of shared service benefits has been explored by East Herts previously to the review being completed. As stated, conversations with HCC and Manpower commenced in 2007 (paragraph 3.2). Part of the new Head of Human Resources' remit was to refresh these discussions and explore whether the shared service provision through Pathfinder was still of benefit to East Herts.
- 4.3.2 As part of the remit, other opportunities to work in partnership with Councils were explored (paragraph 3.4 and 3.5). These are now being explored through the Herts HR Partnership which is researching the opportunity to have all recruitment for Councils in Herts go through one portal. It would be prudent to point out the HCC are members of this partnership.

## 4.4 Shared Service Provision

- 4.4.1 The shared service provision proposed by Manpower and HCC is for a bespoke temporary and permanent staff recruitment arrangement.

This partnership will support the success of Pathfinder. East Herts is looking for a contractor that will demonstrate independence from the agencies it deals with. This is to ensure providers have been selected on the basis of quality, effectiveness and cost.

- 4.4.2 East Herts would require service departments to recruit all temporary and permanent staff through this contract (excluding senior appointments). Initially, it is predicted that Council staff will be sceptical of this arrangement and feel uncomfortable at what they perceive is a loss of control. Human Resources would carry out a number of briefing sessions and workshops to brief managers about the proposals, as well as organise user satisfaction groups in order to deal with any ongoing concerns. To help achieve a smooth transition, recruiting managers would have the option to use existing providers in the first six months of the contract but would be required to have made the transition to Manpower by the end of this period.
- 4.4.3 There are a number of proposed benefits. East Herts would develop streamlined, efficient and effective recruitment processes, through online applications, centralised administration support, targets set for time to hire, fill rates (number of posts filled), cost, quality and customer satisfaction.
- 4.4.4 The performance of Manpower will be measured in accordance with a set of key performance indicators (Appendix 'A', pages 8.8 - 8.11). Manpower will be required to demonstrate progress against the KPIs. East Herts shall consider and seek to agree the measures necessary to remedy any failure to achieve any of the targets set in the KPIs. Failure by Manpower to remedy such failure within the timescale agreed between the parties shall be deemed to be a breach of Contract. Manpower and East Herts shall work together to maximise through measurable continuous improvement the Services provided by Manpower and to provide best value to the Council.
- 4.4.4 East Herts would be able to identify recruitment trends from the analysis of the management information produced by Manpower, allowing Human Resources to drive out costs and to continue to improve the efficiency and effectiveness of the service.
- 4.4.5 HCC have been in partnership with Manpower for over five years and have resolved a number of teething issues regarding the provision of service. East Herts would be able to take advantage of the progress HCC have achieved by entering the partnership at this stage.

## 4.5 Cost Benefit Analysis

- 4.5.1 The shared service provision does identify potential cost savings based on the comparison of East Herts 2007/08 advertising cost and Manpower's price list April 2008. Although this saving is minimal (£3,098), further savings would be gained by tighter control on recruitment spend and taking advantage of value for money methods of advertising. An example of this would be to use generic adverts (advertising more than one vacancy in each advertisement) and appointing candidates from a candidate database where advertising costs have not been incurred.
- 4.5.2 The cost benefit analysis for temporary placements highlights a potential saving of 1% on rates for temporary admin/clerical costs and a potential higher saving on professional temporary rates. A saving would also be achieved on temporary to permanent staff rates which are more favourable than current spend.
- 4.5.3 The Fixed Rate Card detailing the price list for East Herts is detailed in Appendix 'B' (Page 8.12).

## 4.6 Conclusions

- 4.6.1 Executive have approved the recommendation for East Herts is to enter into a shared service provision with HCC and Manpower for recruitment services from 1 April 2009.
- 4.6.2 The benefits to this partnership have been highlighted in the report; the soft benefits being greater than financial savings based on the knowledge of recruitment spend available. It is recommended that further management reports are received at six months and one year from the commencement of the contract detailing recruitment spend and analysing management information on recruitment and retention trends.

## 5.0 Consultation

- 5.1 CMT and HR Committee have given their initial consideration and support the proposal, subject to agreement of terms. HR team have been consulted. Unison has been informed.

6.0 Legal Implications

6.1 The Council need to enter into a valid contract which protects the Council's interests and ensure compliance with procurement requirements.

7.0 Financial Implications

7.1 The recruitment spend would be contained within existing salary budgets. The intention is to generate a saving compared with current spend as detailed in the cost benefit analysis.

8.0 Human Resource Implications

8.1 No staff will transfer under the transfer of undertakings regulations (TUPE).

9.0 Risk Management Implications

9.1 The contract terms should meet the Council's needs and represent value for money.

Background Papers

HR Committee paper 25 October 2007 – Recruitment

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