**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**PAY AND GRADING CONSULTANCY: SERVICE SPECIFICATION**

**1.0 Introduction and Background**

1.1 A fundamental review of all of the Council’s current HR policies, procedures, practice and process is currently underway. As part of this review, it has been agreed by the Council’s Executive Management Team that a full review of the current Council’s pay and grading structures and operating models be undertaken, including the Council’s current performance related pay scheme. It is anticipated that the new scheme will be complemented by a new performance appraisal process together with the creation of a remuneration/moderation panel to review pay and reward across the Council and wider. The new scheme is to be implemented for the April 2021 pay review cycle. Consultation, training, communication and associated policies (e.g. new performance appraisal process) is to have happened and be in place prior to implementation in April 2021.

1.2 As a separate unrelated exercise, the latest medium term financial position for the Council was published as part of the 2019/20 budget. Based on the latest information and assumptions, it is anticipated that there is a budget gap of around £40m over the next three years. Achieving £40m of budget reductions will require a different approach which looks in detail at the services the Council provides and how they are provided and ensures that the money the Council spends on services is aligned to the Council’s priorities in the recently published Council Plan. It is not anticipated that savings will be made from this proposal to review pay and grading, however, the new scheme is not expected to increase the Council’s current salary costs, should be adaptable to meet business needs and of course, be fit for purpose.

1.3 The pay and grading review will align to the Council’s new Corporate Plan, new HR & OD strategy, a ‘spans and layers’ exercise about to be rolled out across the Council and the new Council behaviours. As such the Executive Management Team has agreed at the same time to a priority-based approach to resource allocation and service re-design to ensure we are aligned to delivering the Council’s newly defined priorities and outcomes. This will involve a root and branches review of current services and their added value to priorities and their outcomes. This exercise is being carried out separately to this review.

**2.0 Objectives and Outcomes**

* A root and branch review of the Council’s current pay, grading structure and performance related pay systems which, when redesigned will be cost neutral, support associated workforce management, performance management, workforce planning and succession outcomes and demonstrate how resources can be flexibly aligned to achieving outcomes in line with the corporate plan and quantifiable VFM being achieved. This is to be underpinned by the establishment of a set of philosophical principles for the overall approach to performance management and pay to support the future organisation
* Alignment with the new Council plan, people strategy, ‘spans and layers’ exercise, core values, behaviours and performance management cycle (timings, key events and components)
* Coaching of the internal project team and engagement with other key corporate resources to build the capacity of the organisation in the new scheme and for continual monitoring and review of VFM, ongoing transformation etc.
* A collaborative approach to the revised pay and grading scheme with buy-in and sign off from the relevant responsible senior management and, through this approach, development of RBKC staff within the programme team, key managers and other staff who at handover will have the knowledge, skills, and experience to support the organisation through delivery of the revised pay and grading scheme and associated policies and processes.
* Co-developed transformation toolkits and overall programme management in line with internal governance framework including design and delivery of regular progress monitor reports to the appropriate Boards and Executive Management Team.
* Successful completion of appropriate early phases of the exercise including planning and data collection, system design and process and detailed component design leading latterly through to implementation supported by appropriate tools and guideline development and communication and training.
* Throughout the service design process there will be a focus on benefit realisation and development of outcome measures by which success of priority delivery can be assessed.

**3.0 Proposed Approach**

3.1 The approach to this exercise is underpinned by a series of project steps and activities designed to support the development of design recommendations and ongoing stakeholder engagement throughout the process.

3.2 The approach is in two distinct phases and five key areas of activity as set out Below:

1. Design:

**Planning and Data Collection:**

* Completion of a full review of current arrangements
* Establishment of a set of philosophical principles for the overall approach to performance
* Management and Pay to support the future organisation.

**System Design and Analysis**

* Establishment of the appropriate balance between ‘what is done’ and ‘how’ it is done, in terms of an individual’s performance
* Creation of a performance management system cycle (timings and key events and components)
* Created high level pay structure
* Identified links to PRP or otherwise.

**Detailed Component Design**

* Development of a goal-setting component, in year review mechanisms, end of year component (including rating structure design and impact)
* Review the current PRP Scheme and its purpose and effectiveness
* Identified approach to developing annual pay budget and annual pay management mechanism
* Agree moderation, pay control and governance processes.
1. Implementation

**Tool and Guideline Development**

* Development of performance Appraisal system guidelines, appraisal form and line manager training material
* Development of guidelines and tools for managing pay decisions

**Communication and Training**

* Establishment of key messages, communication plan and developed briefing documentation.

3.3 The anticipated steps to achieve this will be, in summary:

a) Review ‘as is’ and understand organisational priorities:

* Understand organisational perspectives on current and future requirements
* Carry out high level ‘as is’ analysis and draw comparisons with external market practice
* Summarise the strengths and challenges of the existing approach

b) Design new pay model

* Workshops to review outcomes of ‘as is’ analysis and discuss and agree future pay design model
* Design workshops, where consultancy partners would act as a critical friend to the Council
* Workshops covering principles for a new design and options for pay design (including reference to PRP).

c) Implementation, planning and sign off

* Implementation planning workshops to cover the business case for transition to the new pay model and identification of options for transitional arrangements and approach to communication of new pay model
* Preparation of implementation plan including development of implementation plan and recommendations for transition and approach to communication.

**4. Staff Communication and Engagement**

4.1 Staff and trade union communication and engagement in the process is critical. There is already some nervousness amongst many staff that the review of pay and grading will mean a loss of their grade and pay. In reality, it will be a combination of ‘winners, neutrals and losers’. It is therefore important that the process to deliver the pay and grading review is seen as a high-profile Council Programme, has an identity and visibility, there is regular staff and trade union communications and all staff and trade unions have the opportunity to be consulted. It is, at this stage, considered that this will be achieved through the following:

• The programme will be branded in line with the recent Council Plan and People Plan launches

• There will be regular communications for all staff, through KC Briefly, the intranet site, team briefings, trade union updates as appropriate

• All staff (separately or through their trade union representatives) will have an opportunity to comment on any proposals put forward. Bidders are invited to propose methods of engagement and knowledge capture as part of their proposal.

In addition, bidders, as part of the programme team, are expected to support co-design of the comms strategy and ensure that progress in the above programmes is being appropriately captured and communicated.

4.2 **Member Engagement**

 The Leader of the Council has the portfolio for HR&OD across the Council so is already up to date on plans and progress. However, it is important that Council Members continue to be fully updated throughout the procurement process. Bidders are invited to outline proposals for member engagement as part of their proposal.

 Bidders as part of the programme team will co-design the detailed programme timetable that will consider Member inclusion in the process.

4.3 **The Role of the Director for HR&OD, Executive Director for Resources and Assets and Executive Management Team**

 The programme for the procurement and implementation of this critical corporate programme cannot be just a HR led initiative. Ownership and accountability will ultimately sit with the Executive Director for Resources and Assets, who will be responsible for ensuring that the project is on track, to review risks and address any issues and barriers.

 The delivery of a programme of this scale of change will be through the Director for HR&OD, supported on a day to day basis by the Head of HR Operations.

 A regular slot on Resources and Assets Departmental Management Team will be dedicated to oversight of this programme as this develops.

 Bidders will play a key role in co-designing, leading and driving the work of this project to drive evidence-based challenge of current practice and the effective implementation of new pay and grading systems and governance development.

**5.0 Project Delivery**

5.1 The Service Provider shall carry out their duties in compliance with the terms of this Specification and provisions made in their Tender submissions and all subsequent instructions of the Council which shall be confirmed in writing so far as such instructions are applicable to the Services hereunder agreed to be performed by them. In case of conflict between the terms of the Specification and any subsequent instructions, the subsequent instructions shall prevail.

5.2 The Service Provider shall exercise reasonable skill, care and diligence in performance of all duties agreed to be performed by them.

5.3 The Service Provider shall obtain the written prior approval of the Council to any modification of any instruction earlier approved by the Council.

5.4 The Service Provider shall in connection with the Project:

 5.4.1 Undertake all necessary enquiries, survey and investigations;

5.4.2 Submit reports to the Council on the Project no later than the dates specified by the Council unless otherwise agreed in writing;

5.4.3 Deliver presentations to senior management or other stakeholders as agreed at Project outset or as reasonably required during the course of the Project; and

5.4.4 Deliver the Project outcomes and objectives within any timescales agreed at the Project outset.

5.5 The Service Provider shall provide their own administrative and technology support and consumables when undertaking Services on behalf of the Council.

5.6 The Service Provider shall comply with the Council’s policies and Constitution.

**6.0 Service Provider’s Staff**

6.1 The Service Provider will ensure that it is has a suitable structure and level of resource in place to deliver the Services called for under the Contract.

6.2 The Service Provider shall ensure that only suitably experienced and qualified Consultants shall be commissioned to provide Services. Consultants should have specific experience of working in the local government arena and the team should include members with service specific knowledge in the key functions of the Council. Once operational, significant changes in the assigned personnel will not be made without prior written consent of the Council who shall require replacement staff to be of equivalent expertise and experience as those they are replacing. Notwithstanding this provision, consent to replace staff will not be refused unreasonably.

6.3 The Service Provider shall advise the Council as soon as reasonably practicable in the event of a change in personnel during the delivery of Services.

6.4 The Service Provider shall ensure that all personnel and other persons providing the Services are at all times properly and sufficiently qualified, competent, careful, skilled, honest, experienced, instructed and supervised as the case may be with regard to the Services and in particular to ensure adequate discharge of the Service Provider’s obligation in relation to:

 6.4.1 The task or tasks such a person has to perform;

 6.4.2 All relevant provisions of the agreement; and

 6.4.3 All relevant policies, rules, procedures and standards of the Council.

6.5 The Service Provider shall have processes and procedures to manage business continuity and ensure effective recruitment and retention of Consultants.

6.6 The Council may request the removal from the Service of any of the Service Provider’s staff whom the Council reasonably believes to be unsuitable. Such request may be made if the Council considers the staff member to be insufficiently skilled or competent, or to be guilty of misconduct (for example, but not limited to, assault or abuse; racial or sexual harassment).

**7.0 Location of Services**

7.1 The Service Provider shall deliver Services in any location specified by the Council.

The base location for the programme team will be in:

* + - Kensington Town Hall, Hornton Street, London, W8 7NX.

**8.0 Payment of Services**

8.1 The Council will pay the Service Provider on the basis of the Lump Sum entered by the Service Provider in the Commercial Envelope on the Council’s electronic procurement portal, capitalEsourcing.

**9. Standard Working Day**

9.1 The standard working day shall be agreed between the Service Provider and the Council, however in any event, the minimum number of hours within a standard working day shall be eight (8) hours (exclusive of breaks).

**10. Expenses**

10.1 Where the Service Provider is required to deliver Services beyond the base location, the Service Provider may charge the Council for any reasonable expenses incurred. All expenses charged shall be in accordance with, and shall not exceed, the Council’s travel and subsistence policy.

10.2 It will be the Service Provider’s responsibility to make themselves aware of the Council’s travel and subsistence policy prior to incurring travel and subsistence costs.

10.3 Where a travel and subsistence policy does not exist, the Service Provider and the Council shall agree a mechanism as to how expenses will be reasonably charged.

10.4 Claims for payment are to be accompanied by VAT receipts.

10.5 For the avoidance of doubt, no expenses shall be paid by the Council to the Service Provider in relation to the cost of providing resources to work at the base location or the Service Providers’ own offices.

**11. Payment and Invoicing**

11.1 Unless otherwise agreed with the Council and subject to clause 11.5 below, the Council shall pay the Service Provider all invoices that are not in dispute within thirty (30) days of receipt.

11.3 The Service Provider shall in their accounts provide such information as may be required by the Council to enable financial control over the Project to be exercised by the Council. Where accounts are submitted these shall indicate expenditure in respect of work completed on individual tasks. The Service Provider shall afford facilities at all reasonable times for their books of accounts, vouchers and records relevant to the Project to be inspected by a person to be agreed between the Service Provider and the Council for the purposes of verifying the Service Provider’s claims for payment. Where required by the Council claims for fees and reimbursable expenses shall be supported by the auditor’s certificates and receipts.

11.4 Invoices shall be submitted electronically, quoting valid Purchase Order numbers to vimenquiries@hants.gov.uk

11.5 Should there be a dispute regarding the fee or expenses payable to the Service Provider, the Council reserves the right to withhold payment of the sum in dispute until such time as the matter can be resolved. The Service Provider will ensure that any consolidated invoices do not include such amounts so as not to delay payment of the remaining authorised sums.

11.6 The Service Provider and Consultant shall follow the Council’s Contract Regulations and the Council’s Financial Regulations where relevant and required.

**12. Project Documents**

12.1 The Council shall be entitled to the copyright of all documentation and other material produced for the purpose of the Project by the Service Provider under their direction or supervision.

12.2 The Service Provider shall not use any such documents or material for any purpose other than the Project without the written prior agreement of the Council.

**13. Contract Management**

13.1 The Service Provider shall, as the Project proceeds, consult the Council and keep it informed in all matters connected with the Project, in such manners required by the Council or any person, bodies or authority having statutory powers or rights in connection with the Project.

13.2 The Service Provider will be required to provide evidence of effective contract management performance by agreeing objectives and targets with the Council prior to the start of the Project and shall provide regular performance monitoring and management information to the Council in relation to such objectives and targets.

13.3 The Service Provider shall send the appropriate Consultant or personnel to all meetings convened by the Council in connection with the Project to which they may be invited, including regular progress meetings. The Council reserves the right to request any additional meetings where necessary to address any matters between the review meetings. Attendance at such meetings will be at no additional cost to the Council.

13.4 The Service Provider will be proactive when managing the Contract including but not limited to:

13.4.1 Dealing with and resolving complaints; and

13.4.2 Dealing with slippages in performance or Project deliverables.

13.5 The Service Provider and/or Consultant shall also be proactive in providing early warning to the Council about any opportunities and/or issues (potential or actual) that are affecting or may affect the timely delivery of the Project.

**14 COMPLAINTS**

14.1 The Service Provider will have in place a comprehensive and accessible procedure for dealing with complaints or problems raised or experienced by the Council. A copy of the Service Provider’s complaints procedure may be requested by the Council on the commencement of Services.

14.2 The Service Provider’s complaints procedure shall ensure that all complaints are logged, investigated and resolved accordingly in a timely manner with:

14.2.1 Verbal complaints responded to with a written response within 3 working days; and

14.2.2 Written complaints acknowledged and responded to with a written response within 5 working days.

14.3 In the event the Service Provider is not able to provide a written response within the timescales specified above, the Service Provider shall advise the Council of this and will provide a realistic timescale of when a response is likely to be provided. The Service Provider will provide the Council with regular updates as may be agreed between the parties.

14.4 In event the Council is not satisfied with the response provided by the Service Provider to a complaint made, the Service Provider will execute an appropriate escalation procedure with defined timescales and respond to the Council no later than 5 working days after Council contact.

14.5 Where the Council makes a complaint during the Project (e.g. because a Consultant has not arrived on time or is inadequately qualified, etc.) the Service Provider shall ensure that the complaint is dealt with as a matter of urgency and will attempt to resolve the complaint straightaway where possible.

14.6 The Service Provider will provide the Council with regular management information as per Clause 16 below on the number of complaints made under the Contract. Where requested by the Council, the Service Provider will provide more in-depth details of complaints, including (but not limited to): date the complaint was made, nature of the complaint and the date/actions taken to resolve the complaint, etc.

14.7 In the event that similar complaints continue to occur throughout the Council’s Contract and/or the number of complaints has reached an unacceptable level, the Council reserves the right to hold additional meetings with the Service Provider at no extra cost in order to review and discuss the complaints made. Where appropriate, the Council may decide to implement a performance improvement plan with the Service Provider until such time that all concerns have been satisfied.

14.8 The Service Provider will also provide its staff members and Sub-Contractors with an adequate complaints procedure and an appropriate means of contacting them, in order to raise any complaints and resolve any issues. Such means of contact shall be by telephone and/or email.

**15. PERFORMANCE MANAGEMENT**

15.1 The Service Provider will internally monitor the quality and performance of Services delivered by them.

15.2 The Service Provider will be required to provide evidence of effective contract management performance by agreeing objectives, key performance indicators and service levels with the Council prior to the start of the Contract and shall provide regular performance monitoring and management information to the Council in relation to such objectives, key performance indicators and service levels.

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15.4 The Service Provider shall carry out reviews and/or spot checks on the performance of their staff in order to ensure Services are delivered in accordance with any relevant and applicable legislation, industry best practice and the requirements of the Contract. The Service Provider shall operate a process for addressing different levels of poor performance, including implementation of a plan to address the issues, and suspension for serious breaches.

15.5 The Consultant or Service Provider will ensure that any feedback received from the Council is shared with the Service Provider staff members concerned so that the Service Provider can learn from the feedback given and act upon it. The Service Provider will also seek feedback from their staff members to identify any issues with the Service Provider which are or may affect the Services being delivered.

**16. Management Information**

16.1 The Service Provider shall provide management information on a periodic basis relative to all activity undertaken by the Service Provider as requested by the Council.

16.2 The content and frequency of management information will be agreed with the Council at the point of awarding the Contract.

16.3 Management information will be presented in a format which can be exported into MS Office Applications or other similar packages used by the Council that can be used to manipulate data.

16.4 The Service Provider will provide management information to the Council within reasonable timescales (ideally within forty-eight (48) hours) and at no additional cost to the Council.

**17. Continuous Improvement**

17.1 The Service Provider will ensure that Service delivery is continually reviewed and addressed so that improvements are continuously incorporated into the Council’s Contract.

**18. Technical (Quality Award Criteria**

18.1 The Technical Envelope in capitalEsourcing contains the Quality Award criteria. They are set out, for ease of reference here, in the table below. They will account for 60% of the overall evaluation weighting (the remaining 40% being Price). Please see the Instructions to Tenderers for more information.

|  |  |
| --- | --- |
| **Technical Response: Quality Award Criteria**  | **Weighting** |
| **Proposed Approach: Design** |
| With reference to section 3.0 of the Specification, please submit a project plan, outlining:* Methodology(s) to be used;
* Project management and work planning techniques to be employed;
* Anticipated timescales for delivery of the Project in line with the outline programme timetable in para. 1.0 of the Specification;
* Resources, materials and personnel to be deployed on the Project;
* How risks will be managed;
* How the Project will be reviewed, knowledge transferred (to include approach to co-working and coaching of the internal team) and lessons learnt.

**Note: Please treat all parts of this question as having equal weighting as responses will be evaluated ‘in the round’.**  | 25 |
| **Proposed Approach: Implementation** |
| With particular reference to paragraphs 3.2.2 and 3.2.3 of the Specification, please explain your approach to the Implementation phase of the project. | 20 |
| **Staff and Member Communication and Engagement** |  |
| With particular reference to paragraphs 4.1 and 4.2 of the Specification, please explain your approach to the staff, trade union and Member communication and engagement requirements. Please provide a Communication Plan showing at what points during the Project Plan, you propose to undertake specific engagement and by what means. | 15 |
| **Experience, Capabilities and Knowledge and Staff** |
| With particular reference to paragraph 6 of the Specification, please provide details of the specific staff you intend to deploy on this project.In addressing this question your response should include:* The amount and nature of relevant experience and knowledge possessed by each Consultant as well as their professional qualifications;
* How you ensure that Consultants are kept up-to-date on key matters ensuring that advice given represents current best practice;
* How you will provide continuity and quality of such staff in the event of both planned and unplanned absences. Please provide the details of the calibre of replacement staff including details on experience, knowledge, qualifications as above.
 | 20 |
| **Management** |
| Please outline how you ensure that this project will be delivered on time, within budget and to the required quality. In addressing this question your response should include:* What you perceive to be the main challenges and risks facing this requirement;
* Methodologies adopted by your organisation to avoid such occurrences.
 | 10 |
| **Project Completion** |
| Please outline the processes you will deploy to ensure effective completion of this project and handover to the Council. | 10 |
| **Total Marks/Weighting** | 100 |