

Strategy and Partnerships Scrutiny Committee – 22 July 2010

Completion of the Shared Services Implementation Programme

Report by Associate Director for Shared Services

Introduction

1. Shared Services were able to report, in April 2010, delivery of the full financial and service benefits envisaged by the original business case developed in 2006.
2. This report provides a summary of the shared services programme, its rationale, major challenges and achievements.

The Programme

3. **Rationale** - From a Finance, Health & Safety and Human Resources perspective and before 2007, the organisation was highly devolved, resulting in some fragmented processes undertaken by a wide range of professional and non-professional staff across the Directorates. Control and quality of these activities was difficult to establish and the existing structure was relatively expensive. In addition to driving up service standards and reducing costs, Shared Services offered an ability to ensure that consistent, professional standards of support were available across the organisation.
4. **Business Case** – In 2006 a commissioned business case set out the potential benefits available from Shared Services, articulated the costs and qualitative benefits of implementation and proposed a method of implementation.
Cabinet approved the proposals in February 2006.
5. **Implementation Plan** - In July 2006 the Head of Service was recruited and his arrival led to changes in terms of programme team, implementation and accommodation.
 - The Head of Service assumed responsibility and direct control for the programme and programme team.
 - Implementation was changed from re-engineering processes before transfer, to one where teams of the required size were co-located and processes then re-engineered to deliver the required improvements in productivity and capacity.

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- selection and equipment of a building that met the business needs of the service.

These changes directly contributed to achievement of the programmes objectives.

6. **Programme progress** - Suitable accommodation was identified at Unipart House and teams were moved in 3 waves, commencing January 2007. The full complement originally numbered around 300 FTE (360 complement).
7. Delivery of the financial and qualitative benefits was achieved by ;
 - re-engineering business processes so that customer needs were met,
 - applying technology wherever possible, which enabled solutions
 - employing fewer people to run the processes.
8. To support service delivery, a comprehensive set of performance indicators were developed and adopted to manage processes.
9. To support customer services a comprehensive set of 'service level agreements' were established that defined the specific levels of service that would be delivered and the contributions necessary from both Shared Services and the customer.

Financial and Staff Implications

10. **Staff Implications** – Development of shared services represented a significant change programme. It changed the way Directorates and Services would be supported, the way in which managers would carry out their roles, the roles of individuals within the new teams, their working practices and where they were located. Those staff that represented the resources not required by Shared Services, (circa 134 FTE) had to be re-deployed within the organisation to meet the requirement that no or very few redundancies would be caused by the programme.
11. These issues were addressed by a comprehensive strategy;
 - a comprehensive communications programme, primarily focused upon those affected by the changes, providing progress reports as major milestones were reached, e.g. acquisition of suitable premises.
 - as each wave of personnel was transferred, consultative groups were established to ensure the working environment was properly established and moving arrangements properly communicated.
 - a Job Finder function was established and funded by the programme. This supported the re-deployment of staff displaced by the changes.
 - to address transport issues caused by the new location, discussions with local bus companies secured improvements in services and a shuttle for business purposes was established to link Unipart House to the central offices.
 - once established within the new service, staff were supported by

regular 'snapshot' meetings, a regular electronic newsletter and a monthly Core Brief focusing on business issues.

- staff representative groups were established to resolve domestic issues as they were identified.

12. These initiatives appear to have been successful. Turnover within Shared Services is at a lower rate than elsewhere in the County Council. Of 134 FTE displaced by the programme, 8 redundancies were created. Of the remainder they were either re-deployed into vacancies across the County Council or left for employment opportunities elsewhere.
13. **Financial Implications** – To deliver the savings targeted by the business case, an accurate picture of current costs and their location within the organisation was required so that position statements for each directorate could be negotiated. As the outcome represented the budget individual directorates would lose to either Shared Services or Savings, agreement in many cases proved difficult to achieve.
14. The original Business Case estimated the value of resources in each directorate. Making changes based upon this data was challenging and in many cases, changes within directorates made the estimates increasingly out of date. In response, the programme re-calculated costs cross referenced to specific posts and individuals. Agreement on budget transfers was then possible with directorates.
15. This also allowed a financial benefits model to be constructed to support tracking and reporting mechanisms that reported delivery of 100% of the targeted savings in April 2010.
16. Original projections for the costs of implementation were £6.050m in 2006, actual costs were £5.3m (88%).
17. Gross Savings total £4.6m pa and after taking into account additional running and repaying implementation costs, the programme will have returned a net £11.87m to the County Council by March 2015. Savings continue thereafter at £2.47m pa.
18. **Customer Service**

The development of 'service level agreements' enabled the approach to customer service to be transparent and measured. Regular performance reviews take place on a face to face basis with each directorate.
19. Service levels are measured by a comprehensive set of 'key performance indicators'. These measure key areas of activity for each area of service and have been established and developed in close co-operation with our customers. They are given a high profile throughout shared services, displayed on notice boards and regularly referred to in

communications with staff and enable a totally objective assessment of all areas of shared service to be made.

20. The approach to customer service is underpinned by a customer complaint and compliment process, which supports the resolution of specific issues and ensures process are refined in the light of experience.
21. Customer Satisfaction is a key indicator within the performance indicator set. The target is 91%, current performance is shown as 94%.

22. **Continuous Improvement**

Shared Service operations are consolidated into one geographic location and are process intensive, offering the potential to seek continuous improvement and deliver benefits in addition to those envisaged by the original business case.

23. A small team was established to lead this activity. Initially focused upon work to deliver key aspects of the programme, there are now 19 separate projects running within shared Services focused on the delivery of additional financial savings of £501k (excluding inflation as this is factored into the overall savings requirement), required by the Council's efficiency savings strategy.
24. These further savings represent a significant challenge at 11% of the savings already delivered. Work is underway to progress this and reported to the Shared Services Leadership Team on a monthly basis.

Major Challenges

23. A programme of this complexity produces a wide range of challenges to be addressed and running over 3 or more years provides many opportunities for unforeseen issues to materialise.
26. Examples are offered by the re-alignment of CYPF and Social Services, more recently the focus on criminal record bureau checks created a significant increase in the numbers of applications processed.
27. The level of performance recorded by key performance indicator returns show that of 128 indicators, 113 are currently equal to or above target, providing good evidence that the Shared Services team has addressed the challenges of implementation effectively.

Achievements

28. Delivery of the programmes prime objectives is detailed above. In addition, the most significant achievements of the programme are

regarded as;

- maintenance of all services during implementation.
- successful harmonisation of service and professional levels of support across the County Council, including some areas where little was provided previously.
- developing a significant cultural shift which focuses upon performance management and customer service.
- delivering, by comparison with other public sector shared service operations, one of the most comprehensive and effective organisations of its type.

29. Above all the programme has delivered an organisation capable of delivering additional benefits. There is for example, scope to transfer further 'non core' services to Shared Services, enabling both strategic and operational areas of the county council to have an improved focus on their core role and in doing so, improve effectiveness and efficiency.

30. In 2009 further teams, Food with Thought (schools meal service), QCS (soft FM Services to OCC and Schools and the QuEST Business Unit (enables the provision of £14m OCC support services to schools), transferred to Shared Services from CYPF. Recent comment from those teams reflects the benefits of locating non core services correctly within the organisation. *'Since our arrival support through all departments has improved and we feel part of a much wider organisation..... part of a team that is performance driven and continually seeks to improve their performance. QuEST is now... able to work closely with Shared Services teams, helping us form valuable relationships with teams and enabling us to provide a better quality service to our customers.'*

In total these services added a further 336 FTE to the Shared Services complement.

RECOMMENDATION

31. The Strategy and Partnerships Committee is invited to consider the success and continued improvement demonstrated by Shared Services in reducing resource expenditure and improving processes to support directorate and council outcomes.

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Background papers: Previous reports to this committee
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