Divisions Affected - All

Cabinet
21st November 2023

Business Services Transformation Programme Refocus

Report by the Director of Finance

RECOMMENDATION

1.   **Cabinet is RECOMMENDED to:**

     a. Approve the refocusing of the programme on the delivery of improvements to existing human resources (HR), finance, payroll and procurement functions and processes.

     b. Approve that the programme does not progress the development of detailed requirements and a full business case to review delivery options for corporate support services and underpinning technology.

     c. Approve the repurposing £1.23m of the existing approved £1.57m programme funding to deliver the refocused programme and return the remaining £345k to the Transformation Reserve.

Executive Summary

2.   This report provides an update on the progress of the Business Services Transformation Programme and seeks approval for a proposal to refocus, deliver improvements to existing HR, finance, payroll and procurement functions and processes and remain with Hampshire County Council's Integrated Business Centre (IBC).

3.   This report also seeks approval for the repurposing of £1.23m of the existing Cabinet approved £1.57m programme funding for delivery of the programme to date and to plan and deliver an Improvement Stage. The £1.57m was previously agreed at Cabinet in April 2023 for programme resources to prepare detailed requirements for a transformation and procurement process.

4.   Prior to completion of the Improvement Stage a review will be completed to assess progress and determine next steps, including delivery of further identified improvements and / or required Council preparations and involvement

in the IBC's planned upgrade to SAP S/4HANA (the up-to-date version of SAP), which is planned to complete by September 2025.

Background

5. In 2015 the council entered a shared service arrangement that effectively outsourced its HR, finance, payroll and procurement support including the technology infrastructure via a partnership agreement with Hampshire County Council's IBC, which had already been established supporting other public sector bodies.

6. A Case for Change review was undertaken in Q4 2021/22. The analysis identified opportunities and drivers to move from the existing shared services partnership and informed a high-level options appraisal and outline business case, which was completed in March 2023.

7. In April 2023 Cabinet approved the development of detailed requirements and a business case to review delivery options for corporate support services and underpinning technology including HR, finance, payroll and procurement in order to deliver services more efficiently, modernise business processes and upgrade current IT systems. Funding of £1.57m was approved for programme resources to prepare requirements for a transformation and to deliver a potential procurement process.

8. Following Cabinet approval, the programme launched a Requirements Stage to review operating model options, capture requirements and develop a business case to inform a decision at Cabinet in November to commence a procurement process. During this activity factors emerged which led to a proposal to refocus the programme, remain with IBC for the time being, and to deliver improvements to existing functions and processes.

9. The emergent factors that resulted in the proposal to refocus the programme include:

- Hampshire County Council indicated and have subsequently confirmed that their upgrade to the latest version of their corporate system (SAP S/4HANA) will be delivered much earlier than previously stated and will complete by September 2025. The earlier upgrade and the IBC's management of another partner's exit, both over the same period as this council's implementation project, would add considerable delivery risk for this programme.
- Progressing the programme on its planned path would make the Council fully reliant on the IBC to complete their upgrade on time and to fully support required exit activities. Any slippage by the IBC would risk significant delay and additional costs for this programme.
- Work completed on the business case so far indicated that:
  (1) There is work to be completed in the longer term to establish a clear financial benefit from proceeding with a change and the implementation programme, which would require significant capital investment.

(2)   There are significant frustrations, inefficiencies and limitations with data and reporting, but the fundamentals of the system are sound (i.e staff and suppliers are being paid, customers are being invoiced and their payments received).

(3)   Although the Council has a strong appetite to change, there needs to be a strong baseline of clear roles and responsibilities in use of the system and compliance with these before any new system is implemented.

10.   A proposal to refocus the programme is now proposed with a closure of the Requirements Stage and, for the period until the end of November, on setting-up and planning an Improvement Stage.

11.   Despite the refocus of the programme, the Council's ambition to improve HR, finance, payroll and procurement processes remains unchanged and continues to be reflected by the following Business Services Transformation programme vision statement.

"Empowerment and accountability of the workforce through ownership and control of our data using best practice workflow self-service. Allowing the HR, finance and procurement services to focus on their key professional areas working with reliable and trusted data to inform decisions and reduce risk".

Programme Refocus

12.   As part of Delivering the Future Together, this programme will have a significant impact on the organisation and will help the Council become an Employer, Partner and Place Shaper of Choice. The programme's current focus is on validating, prioritising and planning the delivery of improvements, which were identified through the requirements analysis and from a managers' self-service time and satisfaction survey. The opportunities fall into three themes: People Change, Process Improvement and Data and Reporting and are summarised in Annex 1.

13.   Following prioritisation and planning the programme will deliver the agreed scope of improvements within a 10-month Improvement Stage, which will complete by September 2024. At a high-level, the objectives of the Improvement Stage based on the scope of improvements currently under review will be:

- To review and optimise the level of self-service and clarify the roles and responsibilities of managers, HR and Finance to increase productivity, drive consistency and best practice across the organisation.
- Drive behaviour change and provide the required learning and support to enable managers to fulfil their responsibilities, improving the quality of financial, people management and data across the organisation.
- Implement optimised standard solutions to increase productivity by replacing siloed directorate off-system manual workaround processes, for example approval workflows and managers' workarounds, which are used to track information off-system using spreadsheets.

- Improve access to management information and insights through dashboards and reports.
- Cleanse agreed priority data and ensure its ongoing maintenance through effective data governance.
- Through the above improvements, prepare the organisation for future change by developing its knowledge and ownership of processes and data.

14. The following high-level non-financial benefits are expected from the delivery of the improvements. Specific benefits will be identified, measured and tracked as part of the delivering the Improvement Stage.
- Increased manager productivity through time savings in navigating existing self-service processes.
- Improved workforce experience and resilience as staff understand their self-service responsibilities and are supported in fulfilling them.
- Better risk management through improved and standardised workflow controls across the organisation.
- Increased quality of financial and people management enabled by improved data and management information.

15. Towards the end of the Improvement Stage, a review of improvements delivery status will be completed and next steps agreed. At that point it will be possible to assess the progress and likely timescales for completion of the other partner's IBC exit and IBC's own SAP upgrade project. For the latter project it will also be possible to determine this Council's required involvement.

Financial Implications

16. Cabinet approved funding of £1.57m in April 2023 for resources to deliver the Requirements Stage of the programme, to be funded from the Transformation Reserve. Total forecast costs to deliver the programme so far and to continue delivery up to the end of November 2023 are £0.470m as shown in Table 1. The £97k costs shown in Table 1 were incurred in prior years and together with £32k revenue cost in 2023/24, relate to delivery of the initial outline business case.

17. Total forecast revenue costs to deliver the Improvement Stage from December 2023 to end of September 2024 are £0.756m as shown in Table 2, comprising £0.291m in 2023/24 and £0.465m in 2024/25.

18. The grand total forecast costs for the whole life of the programme until the completion of the Improvement Stage are £1.23m as shown in Table 3. The remaining £0.345m from the approved £1.57m programme budget will be returned to the Transformation Reserve.

Table 1 - Total Forecast Programme Costs to end November 2023 - £'000s

Item	Prior Years	2023/24	2024/25	Total
Programme staff costs	-	249	-	249
Supplier costs	-	124	-	124
Total Revenue Costs	**-**	**373**	**-**	**373**

Item	Prior Years	2023/24	2024/25	Total
Programme staff costs	56	-	-	56
Supplier costs	40	-	-	40
Total Capital Costs	**97**	**-**	**-**	**97**

	Prior Years	2023/24	2024/25	Total
Total Costs	**97**	**373**	**-**	**470**

Table 2 - Total Forecast Revenue Costs for Improvement Stage (December 2023 – September 2024) - £'000s

Item	Prior Years	2023/24	2024/25	Total
Programme staff costs	-	265	424	688
Contingency (10%)	-	26	42	68
Total	**-**	**291**	**465**	**756**

Table 3 – Grand Total Forecast Programme Costs - £'000s

Item	Prior Years	2023/24	2024/25	Total
Revenue costs to November	-	373	-	373
Revenue costs for Improve. Stage	-	291	465	756
Total Revenue Costs	**-**	**664**	**465**	**1,129**
Total Capital costs	**97**	**-**	**-**	**97**
Grand Total	**97**	**664**	**465**	**1,226**

Comments checked by:
Ian Dyson, Assistant Director of Finance (ian.dyson@oxfordshire.gov.uk)

Legal Implications

19. There are no legal implications arising from this report.

Comments checked by:
Bede Murtagh – Contracts Solicitor

Lorna Baxter
Director of Finance

Annex 1:   Summary of Improvement Opportunities

Background papers:

Outline Business Case Cabinet Report (April 2023) – A Programme for Transforming the Council's Enterprise Business Systems and Processes

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October 2023

Annex 1 – Summary of Improvement Opportunities

Requirements analysis and findings from a managers' IBC self-service time and satisfaction survey identified a range of improvement opportunities, which are summarised in the table below. These improvement opportunities are high-level and grouped into three themes: People Change, Process Improvement and Data and Reporting.

The programme is currently validating and prioritising these opportunities to develop a confirmed scope and delivery plan. The opportunities will then be delivered over the course of the Improvement stage.

Theme	Improvement Opportunities
People Change	Deliver a holistic approach to driving behavioural change and providing the required learning and support to drive the following improvements: 1. Improve learning and guidance to support managers with simply and efficiently navigating finance and HR processes and systems, enabling them to be successful in fulfilling their responsibilities from initial induction and throughout their careers with the Council. 2. Improve the quality of financial management with cost centre managers fully able to fulfil their responsibilities as part of optimising the end-to-end budget monitoring process (relates to opportunity 8). 3. Improve organisational data quality with managers following the right standards and controls when making organisation structure changes in the system (relates to opportunity 11). 4. Improve the consistency and effectiveness of the end-to-end customer journey for accessing support. Review the current support model of multiple separate channels (including local informal 'super-user' arrangements) for dealing with IBC, including the OCC finance and HR support arrangements. Options could include a central model to triage queries and deal directly with IBC, reducing the burden and unproductive time for managers.
Process Improvement	5. Review and optimise the level of manager self-service and clarify the roles and responsibilities of managers, Finance and HR to improve productivity and drive consistency and best practice across the organisation. 6. Identify and implement improved standard solutions to replace existing siloed directorate workarounds, which are in place to compensate for limitations with the existing IBC processes (e.g. cost centre manager approvals off-system), to ensure appropriate controls are in place and to improve and deliver benefits for all directorates. 7. Identify and implement improved standard solutions to deliver productivity benefit to managers and replace the current inefficient off-system manager self-service practices using spreadsheets, e.g. to manage purchase order approvals, track PO spend, track team availability, manage organisation data, keep track of training etc.

	8. Improve the quality of financial management through a review of the current budget planning and forecasting process end-to-end, identifying opportunities for greater automation and to enhance front-end reporting using tools to reduce managers' reliance on off-system spreadsheets. 9. Increase efficiency through reviewing and exploring the opportunity to automate the current manual process for reconciling contracts with spend data. 10. Improve the recruitment process by implementing a new replacement service to address the issues with the current provision. 11. Improve controls around post creation and approval in making organisation structure changes. Review post creation process in context of planned recruitment process changes. 12. Review the current workforce planning process and determine whether workforce planning can be implemented as a strategic initiative across the organisation using data and reports available from existing systems. Develop a solution to strategically plan resourcing and organisational development needs across the organisation. 13. Develop a more formalised approach to performance management across the organisation as a strategic initiative to gain a better understanding of the talent pool and to feed into organisation development and workforce planning.
Data & Reporting	14. Improve management information through access to dashboards and reports. Review requirements for improved HR and financial management information, including compliance reports to enable effective stewardship of the organisation. Assess tools available and the organisation's capabilities to deliver (e.g. Power BI), develop and agree an approach and plan. 15. Improve the proactive management of the organisation's resources through the development of exception reports to provide insights on where actual performance deviates significantly from expected performance. 16. Review and work through data cleanse items identified as high priority in advance of migration to S/4HANA and to deliver benefit for BAU (e.g. purge of incorrect vacant posts, duplicated suppliers). 17. Implement a data governance model, improving and maintaining the quality of existing data and putting in place a structure for future data projects.