Title:	IBC Services to OCC – 3 Month Stabilisation – Gateway Review
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1.   Introduction and context

1.1   The purpose of this paper is to provide an overview of the first three months operation of the shared service arrangement between Hampshire and Oxfordshire County Council, from July to end of September 2015. The paper sets out the aspects of the programme of change which have gone well, the challenges that have been addressed and what still needs to be done to complete stabilisation.

1.2   OCC Cabinet took the decision to join the Hampshire partnership in June 2014 following a comprehensive strategic business case and the evaluation of various options available. It was decided that joining the Hampshire partnership would realise significant collective benefits through sharing resources, investment and capacity. The partnership has been able to invest significantly in upgrading and future proofing technology, and now provides a platform on which to further develop and improve the efficiency and effectiveness of service delivery.

1.3   Hampshire has already experienced on-boarding 3 different organisations and has developed an understanding of the likely issues encountered as well as the barriers to change. Business readiness is never enough, users only start to understand and come to terms with change when they are operating within the changed environment.

1.4   Hampshire very clearly set the expectation that a 3 to 6 month period of stabilisation would be necessary and a jointly agreed stabilisation process was implemented to address issues in a collaborative way. This three month check point provides an overview of the stabilisation achieved to date with a view to considering the achievement of the target operating model by the end of the 6th month, with all stabilisation issues (summarised in Section 3 resolved). Further work is required to continue to evaluate the anticipated strategic non-financial benefits summarised in Section 2.1.

1.5   OCC Directorates had a mature self service model in place prior to joining the shared services partnership, and this has facilitated take up of the new

ways of working. This take up is demonstrated by the high transaction volumes being processed.

1.6 Oxfordshire schools did not have the same benefit of being closely engaged in the decision making and realisation of the benefits of change. This has been evidenced by greater resistance to the changes around both real and perceived issues.

1.7 Geographical distance has created a barrier to OCC staff transferring to Hampshire, and has resulted in a significant loss of knowledge. This has left a temporary knowledge gap for staff supporting the new arrangements, and managers in both Hampshire and Oxfordshire are engaging closely to ensure knowledge transfer is taking place quickly and effectively.

2. Strategic achievements/plans

2.1 Oxfordshire County Council have joined the Hampshire Partnership which is providing shared Corporate Services for Hampshire County Council, Hampshire Fire and Rescue and Hampshire Constabulary. As envisaged, the partnership delivers significant savings on Corporate Services as well as providing a modern self service framework supporting public services providing further potential for achieving greater economies of scale from additional future partners. In addition to the financial savings the following non quantifiable benefits were expected to be achieved through the partnership.

Category	Benefit	Measure / Metric	Current Status
Maintaining resilience and skills	Shared access to specialist skills and resources.	Integrated structures for specialist and technical resources.	OCC services are now being delivered through single integrated teams servicing 4 organisations.
	Retain joint capacity of in-scope teams.	Retention of key skill sets within in-scope areas.	Greater size of HCC service centre and single shared SAP system will enable retention and resilience of specialist skill sets.
	Shared knowledge and skills base.	Increased skills base through integrated teams.	OCC specific knowledge is being transferred through regular stabilisation meetings.
Enabling front line	Increased levels of accessible self service	Access to ESS and ESS lite to enable paperless	c59% of all users have registered for mobile

transformation	across the organisation.	self service.	paperless working.
	Improved front line capacity through more effective business process.	Increased front line staff capacity through time saved.	Not currently measured
Best practice processes	Process improvements through best use of new technology.	Rationalisation and automation of internal processes.	16/17 development plan to be shared with OCC through governance channels in late 2015.
	Maintain and improve levels of customer satisfaction.	Customer satisfaction levels.	Not currently measured
	Effective query resolution through self help	Query resolution performance and volumes.	See section 5 of this report. This will be revisited at Month 6.

2.2 The Partnership Governance supported the identification and delivery of enhancements required for OCC in advance of the implementation. This provided a range of adjustments to business processes including the required changes for OCC Schools by removing the requirement to goods receipt.

2.3 All partners will benefit from future investment and a programme of enhancement is currently underway with an upgrade scheduled for November 2015. Further developments around reporting and mobile technology are scheduled for 2016, and will be communicated to OCC through their involvement in the partnership's overall strategic governance arrangements.

3   Stabilisation issues identified/resolved

3.1 A number of issues have occurred during the stabilisation period. These have been managed by a Professional Leads Stabilisation Group which has overseen a stabilisation issues log for the 3 month period to prioritise actions and mitigate associated risks.

First time events:

- Issues experienced with some purchase orders raised prior to go live which could not be 'converted' to new purchase orders. This created complexity, some duplicate deliveries, and delays to payments. There have also been a number of delays in payment to agency social workers, which both HCC and OCC are working to collectively resolve.

- Schools suppliers in the eStore were not initially open for Schools use. This was rectified within the first weeks of go-live.

- Inconsistency with the way OCC schools were set up (on standard hours for all schools) and the instructions provided (which assumed schools worked non standard hours as HCC) resulted in a number of incorrect payments requiring subsequent correction.

- Whilst the majority of Multiple Employment arrangements have worked correctly there have been significant issues with a small number of users in both directorates and schools (less than 50) resulting in access issues. These have required focused individual investigation and the majority have now been resolved.

- As a consequence of the delay to go live (1 week) bulk upload adjustments were made for HR & Pay, rather than rely entirely on Manager Self Service. This addressed the backlog, making a significant number of payments that would not have been input in time. However, a number of issues undermined this process, including: the poor quality of data, inconsistent data standards (hrs/days), duplicate data submissions and the absence of control and ownership of the data submissions. The bulk upload process resulted in a number of underpayments and a few overpayments, and a robust pay advance process was collectively agreed to mitigate any financial impact on individual employees. Such large scale bulk uploads are no longer required now that self service is embedding in the organisation.

- Due to the execution of first time events in the operation of the BPC system a number of issues were raised, including the retrieval of comments by managers and drill through to actuals/budgets. All issues have been investigated and are either resolved, in the process of being resolved or are captured as formal change requests.

- Due to a security restriction OCC Finance staff were initially unable to run staffing cost reports across their organisation. A new security role was built and having been successfully tested and has recently been applied in the live system.

- There was a delay in returning monthly pension information for both OCC and OFRS. OCC pension returns are now being made in an agreed format, and a resolution is in place for returns to commence for OFRS from November 2015.

Gaps in data/understanding:

- The SAP system requires Teachers and contracted staff to be set up with a secondary record as a supply teacher or a casual record for recording any additional hours. This was not fully understood across all OCC schools and

therefore additional hours were recorded against the Teaching record, which could not be processed. This created a significant amount of additional effort for schools in the condensed period following go live and prior to the end of the summer term.

- The access and control framework is very complex and incorrect or missing information has created a number of issues for users. In some instances these access issues have masked more complex issues, such as bursars which have taken a number of weeks to investigate and resolve.

- Customer Interaction Centre (CIC) staff are not familiar with some OCC processes, and instances have been identified where incorrect instruction has been given.

- Duplicate processing of payments batch file (OCC user error) requiring recovery of over payments from future payments to suppliers.

- Issues experienced with the bank mandate for direct debits coupled with gaps in the data load delayed the initial direct debit run and omitted some direct debit collections, and a number were omitted over the recurring weeks. These exceptions have now been resolved.

- Significant levels of unallocated cash built up during the initial period, including some debtor accounts not being cleared down. This was expected but has taken longer than anticipated to resolve. Teams from HCC and OCC are working together to share knowledge in this area.

- BW data was amended on two occasions due to omission of back dated transactions following data migration and the loading of "old" OCC vendor numbers. Both solutions were signed off by OCC by 26 August 2015.

- There is a lack of familiarity amongst OCC staff with the new General Ledger coding structure which is resulting in some miscodings. Work is on-going in OCC to transfer knowledge to relevant finance teams and budget managers.

- Initial analysis of petty cash usage in OCC has revealed that 48% of accounts are yet to have their first claim submitted and 35% of accounts are yet to record a transaction using the portal. This highlights an issue of potential concern as it appears that OCC users have not fully engaged with the new process. This analysis has been shared with the OCC Corporate Banking and Strategic Finance managers for escalation within OCC.

Process/system issues:

- Responses to the self service enquiry forms have been slower than

expected, given the significant volume of enquiries from new service users. Further data is being captured for the 6 month stabilisation report to better understand response and resolution times for queries.

- Flexi time issues have only recently been resolved and a small number of data issues are still to be addressed. Communications have been released to all users confirming how the flexi system should be used and any interim arrangements decommissioned.

- Some minor data breaches have occurred with both customer and employee data. These have been risk assessed and dealt with appropriately through each organisation's respective Information Security Breach Procedures. Formal processes have been put in place to ensure that any future breach is handled effectively.

4   Measures and performance metrics

4.1   Whilst the focus on specific performance measures will change over time the initial key performance measures were identified in the "Integrated Business Centre - Oxfordshire County Council On-boarding Project - Benefits Realisation Plan v1.0". The detailed metrics relating to these performance indicators, have been shared with senior stakeholders in OCC.

4.2   The performance metrics that relate to **purchasing** show a positive position and trend, with:

- purchase orders raised via the eStore are running at a consistent monthly level once the overall numbers have been adjusted for schools holidays and the associated fall in volume

- eStore purchases of values up to £250 for non-contracted spend would ideally be made using a P-Card. Metrics to date show a significant number of purchases of this kind being made via the eStore.

- The number of purchase orders being sent out electronically started at 45% in the first month and rose sharply in the second month to 92% and in month 3 has achieved an exceptionally high 94% which is higher than the overall average for other partners. This can partially be attributed to the culture of self service OCC had already achieved in advance of implementation.

Purchase Orders Sent Electronically
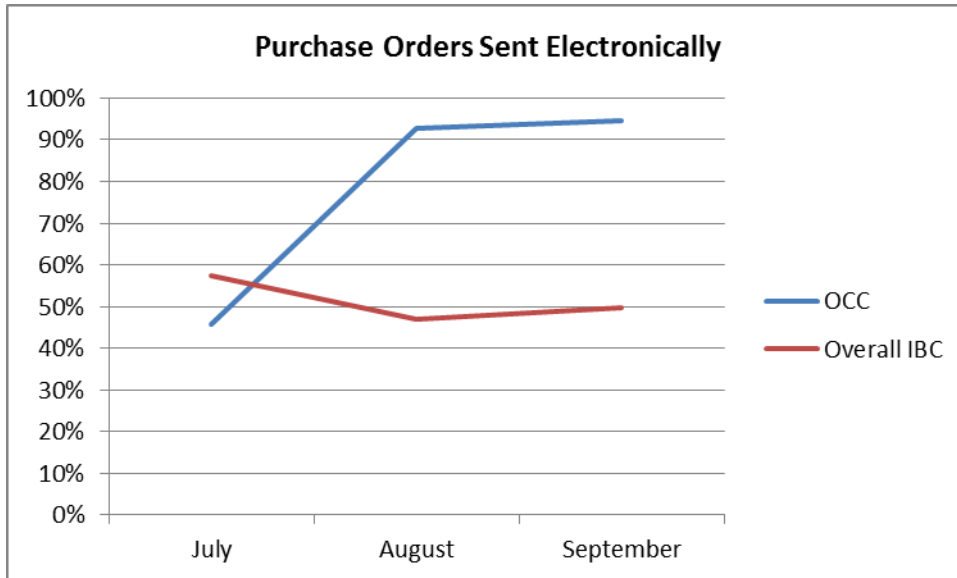
- in the first month of operation none of the invoices were over 30 days old, therefore the number paid within 30 days was expected to drop in the second month. However, it should be noted that the percentage paid within 30 days is still running at over 98%, primarily due to immediate payment terms being employed during the stabilisation period.

Payments - Invoices Paid within 30 Days
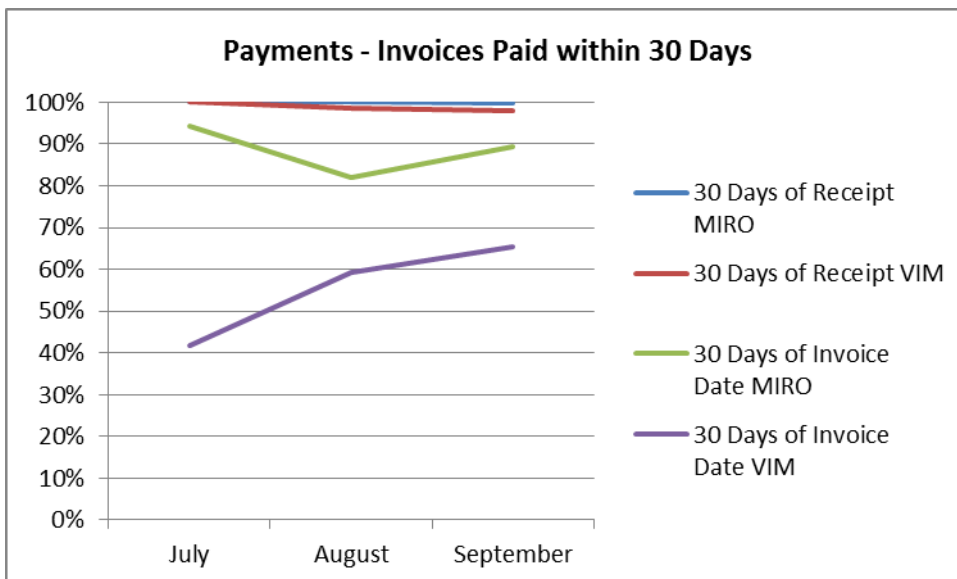
- the number of invoices processed through VIM is increasing which can be taken as an indication of suppliers adopting the new processes.

- invoices returned to the supplier under 'no PO no Pay' is reducing and now running at below 5% indicating high level of user compliance with

the policy. This correlates with the statistics collected for Hampshire County Council which typically reach between 2% and 5% per month.

Invoices Returned
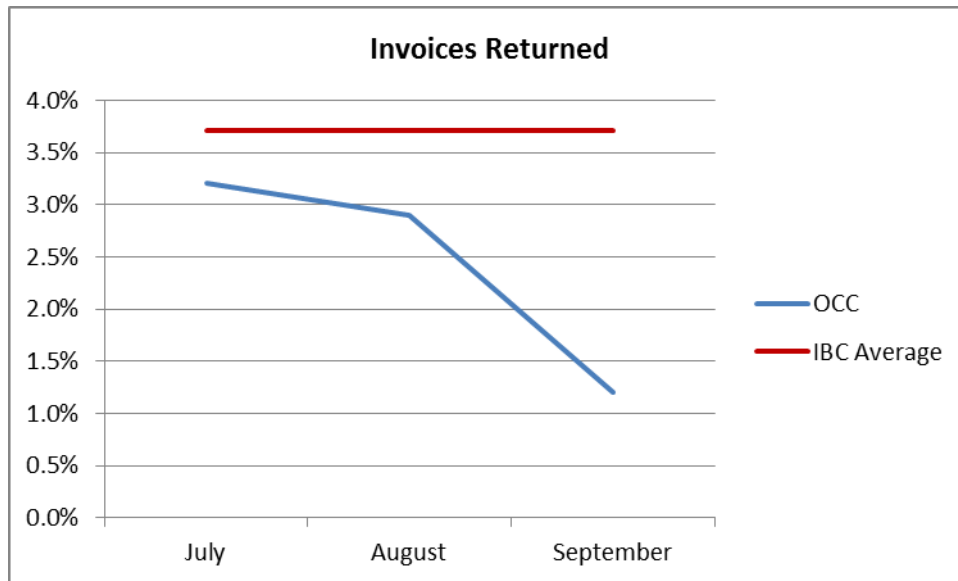
4.3   The performance metrics that relate to **finance** show a positive trend, with:

- as anticipated the holding and suspense accounts show a significant level (number and value) of uncleared receipts and payments. Whilst we knew it would take time for the knowledge to build the trend is very positive, illustrating a very steep learning curve for the team following on boarding.

Uncleared Receipts

Uncleared Payments
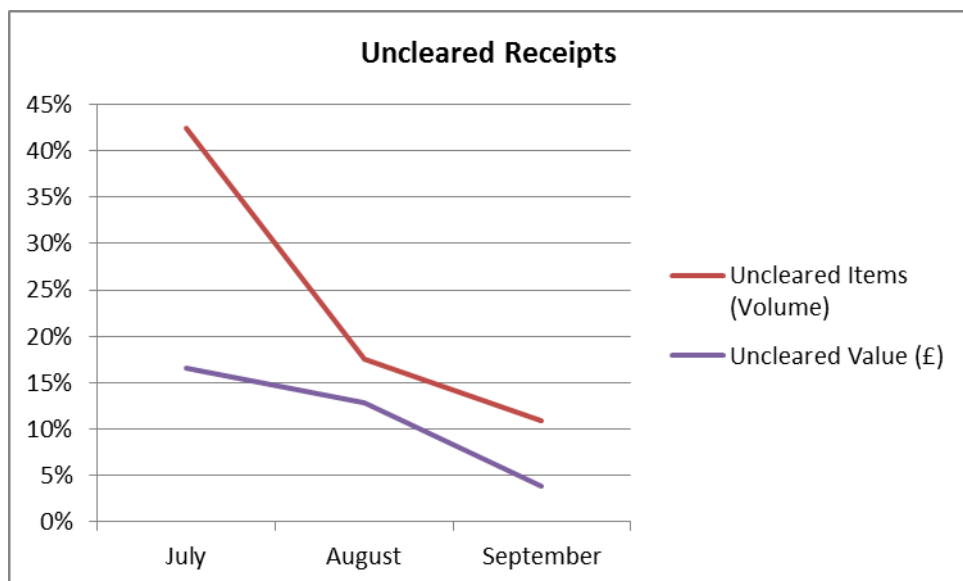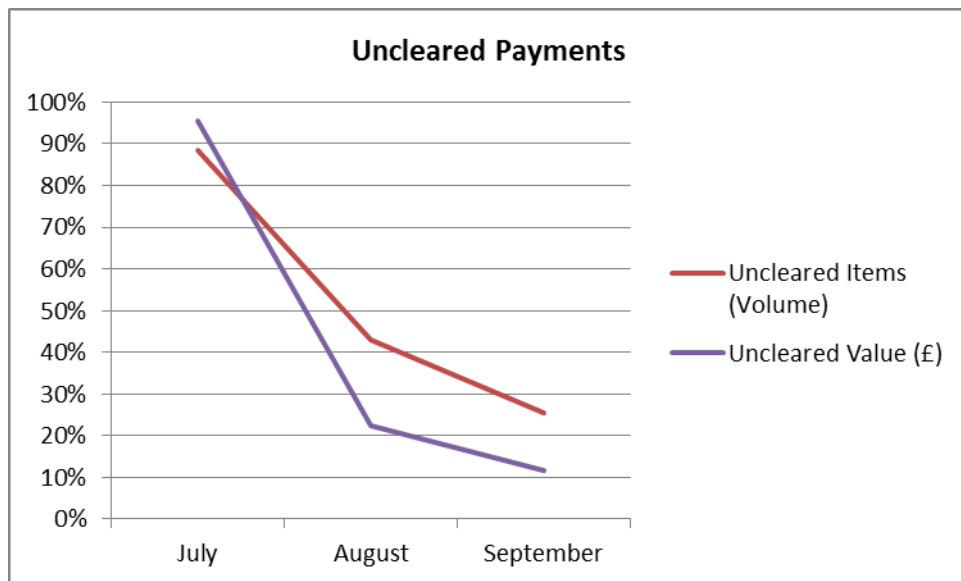
- the average time to apply unallocated cash has fallen significantly and this trend is expected to continue. This matches the performance measured for other partners where any initial high levels are brought down to 3.1 working days, on average, for the same quarter.

- VAT returns are being completed and submitted within 21 working days of the month end.

4.4   The performance metrics that relate to **Operational Finance** also show a positive position and trend with:

- majority of areas achieving 100% and an overall achievement rate for September of over 97%

- a number of virements received in July had to be held for processing until the data migration was complete for the first quarter

- BPC security changes were initially delayed in July due to the planned later launch of BPC to budget managers. Throughout August the team worked with the IT Security team to improve the process and speed up response times.

- response times for creation of cost centres in BPC recently dipped in September due a delay in information required from OCC's Finance team. This was followed up and is not expected to cause any future issues.

4.5   The performance metrics that relate to **payroll** show a positive position and trend with:

- the number of payroll error on final run and overpayments are consistently very low. This mirrors the low percentages recorded for other partners.

- in line with the pay changes required as part of OCC take on the number of pay records where an action is made to a previous month after payroll has run was significant during August, this can be seen to have fallen during September and this trend is expected to continue as the take on issues are resolved. Experience shows that, with previous on-boardings, the number of retrospective changes decreases to a more static level, with the only increases being due to known events – such as backdated pay awards.

- HR and pay transactions completed on time through self service is running lower than anticipated and this indicates an area for further work with the user base.

4.6 Whilst the **travel and expense** claims completed on line through self service is very high, the expectation was that OCC would achieve close to 100% self service. Although some paper claims are expected for high value claims, OCC will need to decide when to address this during the remaining period of stabilisation.

4.7 As yet only a small number of **recruitment** cycles have completed, which gives an unrealistically high percentage being completed within 50 days, and some user feedback identifying some delays due to user familiarity with new systems, slow query response times and contract issuing delays. At present monitoring shows that the number of recruitments in process is running higher than expected by approximately 30%, however at this stage this is assumed to reflect built up demand prior to go live.

4.8 The performance metrics that relate to **DBS Checking** show that DBS checks completed on time via eBulk started low in the first month and are now climbing quickly with about 50% of the volume being counter signed each month.

4.9 The performance metrics for **Master Data** that relate to customer set up are still under development and for new suppliers this shows a good position with over 90% of requests being processed within 5 working days. This remains consistent with the requests of all organisations.

5   User help and support

5.1 The shared service operation is based on self service and a comprehensive framework of user self service help guides exist for the shared service

functions. These are tailored for each organisation where different functionality is used.

5.2 User feedback from all partners is consistent in requesting direct access to staff who have the right knowledge as and when the user requires. In order efficient access to the appropriate support, the Customer Interaction Centre (CIC) has a business process to transfer calls based on defined criteria, ensuring that the experts are deployed on the most important issues.

5.3 In addition to the standard user support OCC super users were identified and trained to provide local support for users through the learning curve and transition to the new self service arrangements.

5.4 The key performance metrics are shown below although work is continuing to develop more meaningful information around response times and resolutions to aid continuous improvement.

Contact	Performance Indicators	July	August	Sept
Telephone	- Directorates (inc payments)	1563	1550	1657
	- Schools	405	174	538
	Total calls received in the CIC	**1968**	**1724**	**2195**
	CIC calls resulting in sign posting/guidance/resolved	1098	1047	1350
	CIC calls referred to complete enquiry forms	556	411	401
	CIC calls requiring transfer to experts	286	244	419
	Calls abandoned	28	22	25
	Total calls	**1968**	**1724**	**2195**
Enquiry forms	Enquiry forms received	3752	2741	3825
	Response within 5 days	Reporting in final stages of development for this area		

5.5 In addition the Operational Finance customer contact statistics show that 100% of issues raised via telephone contact have been resolved within five working days (which is the target). In addition a very high proportion of written queries (now standing at 98%) are fully resolved within five working days with a response to all queries being given within 5 days.

6   ESS Lite Registration

6.1 The level of registration for ESS lite remains relatively constant from the initial take on period and is consistent with previous on boarding

experiences. It should be noted that office based directorate staff do not need to register for ESS lite as all functionality can be accessed from the desk top. Further contact with those that work remotely would be needed to verify if the current level of registration is appropriate.

6.2 The level of registration for schools staff may be of some concern. If schools based staff have not registered for ESS lite then they will not have access to basic information such as their payslip.

6.3 The current level of OCC user registration for ESS lite is shown below:

ESS Registration	July	August	September
Overall %	54.6%	54.0%	58.9%
Directorates %)	63.6%	60.9%	64.6%
Directorates (Volume)	3,184	3,061	3,349
Schools %	49.8%	50.0%	55.5%
Schools (Volume)	4,615	4,390	4,905

6.4 Future enhancements to mobile self service through ESS Lite with the addition of manager approvals will motivate additional registration to support more flexible working.

7   Change Requests

7.1 There are currently 30 open change requests (plus a further 9 that were drafted in late October which are currently being investigated before formal submission). It is expected in the stabilisation period to have a number of necessary system changes that are identified through first time events.

7.2 Additional controls have been put in place around the change request process, to ensure appropriate ownership and sign off from all sides, as well as the maintaining the integrity and standardisation of business processes across all partners. Those changes relating to a deviation from the standard operating model or are OCC specific will incur a cost outside of the overall cost agreement, and this will be agreed with OCC prior to the final approval.

8   Conclusion and recommended actions

Schools

8.1 The extent of change and both formal and informal feedback indicates that

OCC schools are finding the change difficult. They have moved from a paper based system with a significant level of interpretation as well as support being provided by OCC. Schools are now required to understand the consequences of their direct input and self service, although they still have access to support through the standard self service arrangements.

8.2   In order to provide additional support for the schools OCC set up, with support from HCC EPS and EFS, an extensive programme of face to face training was deployed during September 2015. In addition, shadowing sessions are being provided covering both HR and Payments (approx. 400 in each area) during October which users are able to book specific slots.

8.3   **Recommendation**: During the remaining period of stabilisation OCC will need to determine the additional support, communication and guidance schools may require during this transition to a new operating model.

OCC Directorates

8.4   Despite OCC Directorates having already moved to a culture of self service the extent of change has been significant. Whilst a number of issues have occurred and are identified in Section 3 of this report, most of these have been resolved quickly and work is on-going for those still outstanding.

8.5   The business readiness, took the form of large scale user briefings and communication campaigns via email and the OCC Intranet. This decision was taken as there is evidence to suggest that even where face to face hands on training is provided users do not address the real change until the new systems and processes are live.

8.6   The performance metrics and volumes indicate that the services are being widely used across OCC, with an overall positive trend in many areas. This needs to be set within the context of the more qualitative and quantitative measures.

        Recommendation: This will be captured through data from the Customer Interaction Centre by the end of month 6, as well as OCC's evaluation of anticipated strategic benefits including the achievement of significant recurring cost savings and the non-financial strategic benefits detailed in Section 2.

8.7   A number of adjustments to the operating model have been made to support OCC through the transition. It was agreed that car leasing adjustments would be processed for OCC as a transitionary process given that there is no self service functionality for car leasing.

        Recommendation Cessation of car leases will need to be planned during

the remaining stabilisation period. OCC will also need to develop an approach to increase self service expense claims by the end of the remaining stabilisation period.

8.8   The expense compliance process is yet to be implemented for OCC. This process will provide audit assurance around the self certification of expense claims.

Recommendation: OCC will need to consider the optimum time to deploy this process. It should be noted that when the process is implemented it will sample all expense transactions from implementation creating a peak in workload and time pressure to complete the verification process.

8.9   **Recommendation**: All remaining agreed change requests and defects will need to be addressed during the remaining stabilisation period, ensuring appropriate resource and focus is available to test and deploy approved changes.

8.10   The issue that has been raised with OCC that 48% of all petty cash accounts are yet to have their first claim submitted and 35% of accounts are yet to record a transaction using the portal indicate that further user engagement is needed.

Recommendation: OCC will need to consider what other change and support is required to ensure the new operating model is fully embedded and optimised with the correct business behaviours by the end of the stabilisation period.