

AUDIT & GOVERNANCE COMMITTEE – 13 JULY 2016

HAMPSHIRE PARTNERSHIP – HR UPDATE

Report by the Chief HR Officer

Executive Summary

- 1 This report provides an update on the HR services delivered through the Hampshire Partnership following on from the three and six month post go live reports provided to the Audit & Governance Committee In November 2015 and February 2016.
- 2 This report focuses on the status of the HR Services after the first year of operation, includes an update of the issues reported outstanding in February and provides detail on other issues raised and actions taken for resolution since that date.
- 3 Overall, a number of achievements have been made since the six month stabilisation report (AG9 Annex 1 - 24 February 2016), but there is still further work to do to address issues raised through our recent Staff Survey and Payroll Audit to completely embed the new ways of working across OCC to a satisfactory level. The Staff Survey results confirm that moving to a completely self-service model has, and continues to be extremely challenging.
- 4 All End of Year Returns have been submitted, with the Teachers' Pensions Return on schedule to be submitted on time on 6th July.
- 5 OCC continues to work closely with HCC to understand and respond to remaining issues and has adopted a formal approach to managing future change requests and issues arising from Business As Usual.

Remaining Outstanding Issues and Specific Actions for Resolution (AG9 Annex 1 - February 2016)

- 6 Of the key HR issues reported as outstanding in the six month stabilisation report the update is as follows:
 - The reports to provide the monthly pension data for both Local Government and Fire Fighter Pensions were completed in April. The End of Year returns have also been completed and submitted to the Pension Fund within the agreed deadline. The data output is still in review with any individual issues being resolved as they arise. The delay in providing timely and accurate data has been, and still is a concern for the Pension Fund and this has resulted in resource pressures to meet the deadlines for the 2016 valuation and issue of the annual benefit statements.

- The Teachers' End of Year Return is on track to be completed and submitted on time in July.
- Response times to queries have improved but feedback suggests that responses and resolution are not always made within the target deadline (nominally 5 and 10 days) and the quality of response is not consistent. There have been a number of changes to the way Enquiries are managed within each of the teams and the statistics attached at Annex 1 now confirm an improving trend towards the end of Q4. An IBC review of the effectiveness of their Customer Support model including the Customer Interaction Centre is ongoing.
- A review of processes, documentation of procedures and additional training is taking place across the IBC to increase the knowledge base of staff and a restructuring of teams has improved the cascade of this knowledge across all areas. A particular example of where these changes have been effective is within the Recruitment Team where all initial vacancy requests are responded to with a telephone call from a Recruitment Adviser to the Recruiting Manager to identify the type of recruitment being carried out and the level of support required.
- The expenses compliance process has not as yet been adopted by OCC as the process was cumbersome and placed an additional burden on managers. It was agreed that the information provided within the monthly expense reports and routine cost centre management provided sufficient information to managers to mitigate any undue risks of fraudulent claim. A review of the process within the IBC has been carried out and a revised simplified system linked to a manager's workflow is due to be tested. Depending on the outcome of the testing, consideration will be given to a roll out across OCC.
- The suspense account balance for casual expense claims was cleared for year end, but continues to build until the Change Request to override the default suspense cost centre is implemented.
- The backlog of contracts has been cleared, and a Change Request to address issues and improve the clarity of the contract detail has been written and prioritised for urgent implementation in July.

Strategic and Targeted Approach to Issue Resolution and Continuous Improvements

- 7 127 changes to address issues have been made across the IBC systems since August 2015, of those, 17 were HR / Payroll related. There are a further 21HR related changes planned for deployment between July and September 2016 – these will correct and/or address outstanding system issues and improve the user self-service experience and include: further changes to pay scales to address the differences resulting from the later National Pay Award, amendments to the Contract and Variation templates for use across directorates and schools, additional options within the portal for use with

employees on teacher terms and conditions, improved access to our personnel records held in Hantsfile for County HR, improved user experience for employees with multiple records, ability to add attachments to the Enquiry form plus a number of changes to correct known wagetype (payroll) issues that are currently being managed and corrected manually by the IBC.

- 8 As we have now moved from the transitional stage with the majority of go live issues addressed and corrected we are required to adopt the formal change request and approval process in use by all IBC Partners – this will ensure that any work can be planned and resourced appropriately within the IBC. This will however remove our ability to apply quick fixes or make significant structure changes instantly due to system complexities where our requirements may impact on other Partners. All such change requests will now go through a formal IBC Change Request Programme and be prioritised alongside requests from all Partners

Staff Survey Results

- 9 It is clear from the staff survey results that more work must be done to provide guidance and support to managers. In response to the question ‘what one thing would improve your experience of working for Oxfordshire County Council’, there were 191 comments in relation to the services now provided by the IBC. These comments have been fed back to the Head of Shared Services.

- 72 comments were in relation to impact on staff due to additional work; 76 specifically suggested that the transfer of service should be reversed; 41 were in relation to enquiry response times and quality of response.
- The inability to talk to someone appears to be the single most common frustration, followed by system access and usability.
- In order to address the feedback quickly, ‘Drop In’ surgeries have been set up across the County, where managers can receive 1-1 support with their HR and Finance activities. To date these have been well received, and will continue.
- A review of the intranet guidance pages is in hand – this will improve clarity, consistency and accessibility of policies and procedures and self-help guides.

Payroll Audit Findings

- 10 A payroll audit was carried out during the final quarter of 2015/16. There were a number of weaknesses identified that have resulted in an overall Red rating. The key findings were:

- There has been a lack of understanding by managers on how to use the system which has led to issues with compliance which have resulted in payroll inaccuracies.

- The change management put in place was therefore found to be insufficient to support managers through the transition from a supported HR function to a self-service model.
- The responsibility for producing and reviewing management information to provide assurance over the accuracy of payroll transactions has transferred to the IBC. Although there is a regular audit of the IBC HR and payroll transactions (carried out by HCC auditors) to ensure all payroll exceptions and checking processes are managed correctly and effectively, OCC no longer has oversight of these as this was a function previously carried out by OCC's Payroll Control team. The requirement now is for OCC to provide assurance that employees and managers are following the guidance available to use the portal's HR and payroll functions correctly.

Management Actions

- 11 The audit agreed there had been considerable effort within HR to manage the changes and resolve issues, and that action was already in hand to address many of the identified issues. The majority of the payroll inaccuracies found during the audit occurred during the first few months following go live and had already been addressed, with appropriate actions taken to recover any overpayments. Any additional actions required are in hand. Where system issues had been the cause of any payroll inaccuracies, the IBC have fixes in place to correct and prevent reoccurrence.
- There is a programme of County-wide drop in sessions offering 1-1 help and support to managers across HR, Finance and eProcurement. These have been well received and will continue.
 - A further review of policies, procedures and support guides is underway.
 - A change and engagement plan to review the 'self-help' 'self service' framework will be developed with key stakeholders. This will replace the Co-ordinator's Group that has, until recently met fortnightly to raise issues. Representatives from the IBC will continue to be invited to join these engagement sessions.
 - A suite of management reports have been developed to provide adequate assurance that any areas of non-compliance can be identified to enable dedicated support to be directed to these areas. These are currently being rolled out.
 - There has been considerable joint working with the IBC to resolve many of the identified system issues. The IBC are also making a number of improvements following feedback from OCC and these are being rolled out between now and September with a further series of changes planned for October to December.

Recommendation

12 **The Committee is RECOMMENDED to**

- a) note the current position; and**
- b) agree that a further update be provided in 6 months.**

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