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NICS Human Resources: Shared Services

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This research paper presents an overview of the performance of the e-HR Programme, with a particular emphasis on its key shared service deliverable, HRConnect. The paper tracks the projected benefits from the e-HR Programme's Full Business Case across its subsequent performance reviews. The paper begins with a summary of the potential benefits and pitfalls of shared services projects, before turning to the various methods of benefits measurement. The paper then assesses the performance of the e-HR Programme utilising these methods, suggesting points for future scrutiny by the Committee for Finance and Personnel.

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Key points

- To overcome criticism of existing shared services projects, and support the development of shared services projects in the future, it is imperative that benefits are properly measured in a clear and demonstrable way;
- The Committee has taken a keen interest in the Department for Finance and Personnel's Enterprise Shared Services, particularly the performance of HRConnect (see pages 13-15). The Committee has been concerned with the early "teething problems," such as payroll disputes and delayed implementation that HRConnect experienced;
- There has been a modest increase in the level of customer satisfaction with HRConnect (see Appendix), although critics may point to these increases starting from a low base;
- The overall picture of the e-HR (electronic Human Resources) Programme's performance remains unclear due to the absence of clear baseline positions and the difficulty in ascertaining whether these benefits have in fact been realised (see pages 16-28); and,
- The findings from this assessment of the e-HR Programme, such as an absence of baseline data and insufficient benefits tracking, indicate the need for a more rigorous and consistent methodology in measuring performance, that is easily comprehensible for external scrutiny.

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Introduction

The underlying principle of the shared services concept is to save money by reducing the duplication of functions. In the public sector, standardisation has largely been restricted to 'back-office' functions such as Human Resources and Information Technology processes.¹ It is claimed that this allows organisations to focus on their core functions and thus improve the quality of service to their customers.

In line with the growing trend across the public sector to implement shared services, the Department of Finance and Personnel (DFP) established Enterprise Shared Services (ESS) as a Directorate within DFP in January 2010. ESS brought together six previously separate projects to improve coordination between common corporate services. The projects are: Account NI; The Centre for Applied Learning; IT Assist; Network NI; Records NI; and, the focus of this research paper, HRConnect.

HRConnect was the key deliverable from DFP's 'e-HR (electronic Human Resources) Programme.' It aimed to streamline and modernise HR functions across the Northern Ireland Civil Service (NICS), and also to deliver other elements of the Future Service Delivery Model for NICS HR.

HRConnect includes the main shared services elements of the e-HR Programme, such as the online self-service functions and a Shared Service Centre to handle all routine HR queries and transactions, such as sick leave and payroll services. The NICS entered into a strategic partnership with Fujitsu in March 2006 to deliver HRConnect's shared services.

The purpose of this paper is to measure the performance of the e-HR Programme, with a particular focus on its key deliverable, HRConnect. The paper is to support the Committee for Finance and Personnel in its scrutiny of shared services, which falls within the remit of DFP. This paper:

- Provides the context for the HRConnect element of the e-HR Programme by outlining the growth of shared services projects, their potential benefits and pitfalls (section 1 below);
- Outlines various methods of benefits measurement used to assess shared services and other projects (section 2); and,
- Measures the performance of the e-HR Programme by tracking the progress of projected benefits across subsequent performance reviews (section 3).

1. The growth of shared services

In the climate of public expenditure reductions, the United Kingdom (UK) Coalition Government has been seeking to find more cost effective ways of delivering public

¹ Hammond, E (2011) 'Shared services and commissioning' available online at: <http://www.cfps.org.uk/publications?item=6982&offset=25> (accessed 19 February 2013)

services, with shared services projects seen as a key part of this approach. Enthusiasm for shared services has not been limited to the UK, with Canada, New Zealand, and the Republic of Ireland all embarking on shared services projects in recent years.

While a feature of the private sector in the 1980s, the use of shared service arrangements in the public sector was given impetus by Sir Peter Gershon's 2004 Report, *Releasing Resources to the Front Line*. The Report identified a strong link between shared services and increased efficiency.² Along with the UK Civil Service, the Northern Ireland Civil Service (NICS) embarked on a major programme of reform in 2004, focusing on rationalising support services in HR and accounting services.

Although public sector bodies in Northern Ireland were not under the same financial pressures to radically reduce costs as those in Great Britain,³ this reform programme led to the creation of Enterprise Shared Services (ESS). The initial focus of ESS has been on 'back-office' rather than customer-facing functions, with the aim of improving coordination between common corporate services.⁴

ESS is not specifically referenced in the Programme for Government 2011-15 (PfG). Nevertheless the 2012 framework for the strategic direction of ESS, known as *ESS2020*, outlines how DFP believes that shared services "should be viewed as an enabler to support delivery of the PfG's overarching priorities – in particular 'the delivery of High Quality and Efficient Public Services'."⁵

More specifically, the *NICS People Strategy 2009 to 2013* envisaged HRConnect as providing the opportunity for continuous improvement of HR service delivery through the enhanced measurement and use of management information. Examples include the use of benchmarking and an HR balanced scorecard to assess the quality and performance of HR services in the NICS.⁶

1.1. The potential benefits

The use of shared services have been promoted as a way to make significant savings, with the following identified as the main benefits:

- Saving money by producing "**economies of scale**" through standardisation and centralisation. Larger processes can be performed, and thus the unit cost of each transaction falls;

² Gershon, P (2004) 'Releasing Resources to the Front Line: Independent Review of Public Sector Efficiency' available at: http://www.hm-treasury.gov.uk/d/efficiency_review120704.pdf (accessed 8 January 2013)

³ DFP (2012) 'ESS2020: A Framework for the Strategic Direction of Shared Services in the NICS' (see page 1)

⁴ CFP (2010) 'NICS Shared Service Centres, 27 January, Official Report (Hansard)' available from: <http://archive.niassembly.gov.uk/record/committees2009/FinancePersonnel/100127NICSSharedServiceCentres.htm> (accessed 4 April 2013)

⁵ DFP (2012) 'ESS2020: A Framework for the Strategic Direction of Shared Services in the NICS' (see page 8)

⁶ NICS (2009) 'NICS People Strategy 2009 to 2013' available at: http://www.dfpni.gov.uk/nics_people_strategy_24_march_09_.pdf (accessed 22 April 2013) (see page 15)

- Being part of a strategy to separate front and back office functions, thereby **making both front and back office more efficient**; and,
- Bringing services operated by a number of different partners together, and in so doing, **minimise duplication and enhance the customer experience**.⁷

In a literature review of shared services,⁸ supporters of the concept pointed to a multitude of additional benefits that may flow from these benefits (see Table 1). In the current economic climate, the successful implementation of shared services projects, and the attendant benefits, are argued by proponents to offer a welcome remedy to public expenditure ills.

Table 1: the benefits of shared services

Saving money by producing “economies of scale”	Making both front and back office more efficient	Minimise duplication and enhance the customer experience
Potential for value and revenue regeneration Accumulation of intellectual and capital assets Effective use and access to resources	Efficiency gains from increased flexibility and staffing resources Synergies of collaboration with like-minded organisations Access to wider range or depth of skills and expertise Infrastructure management Practical response to policy issues	Organisational responsiveness Focus on core business functions Single point of contact for customers – ‘one-stop shop’ Common ICT and shared platforms Better access to sharing of information

1.2. The potential pitfalls

Despite a growing trend for the use of shared services arrangements in the public sector, there is criticism of the purported benefits and the difficulty of measuring these benefits.

1.2.1. Criticism of the benefits

Critics argue that sharing back office functions may not necessarily be a “magic bullet” for a challenging budget position. Research carried out by New Local Government Network suggested that in the best case scenario, back office shared services had the

⁷ Hammond, E (2011) ‘Shared services and commissioning’ available online at: <http://www.cfps.org.uk/publications?item=6982&offset=25> (accessed 19 February 2013)

⁸ Kamal, M. M (2012) ‘Shared services: lessons from private sector for public sector domain’ in *Journal of Enterprise Information Management*, Vol. 25(5), pp. 431-440.

potential to make only 3% savings, for most public bodies, on total expenditure. They believe that a more realistic estimate would be 1.5% of savings across the board. In addition, short- and medium-term savings from a shared services project may be swallowed up by the significant cost of implementation in the first instance.⁹

The lack of savings if economies of scale are not realised is evidenced in the National Audit Office's (NAO) 2012 Report on *Efficiency and reform in government corporate functions through shared service centres*. The Report reviewed shared services in Whitehall departments, which collectively cost £500m more than originally estimated. The Report concluded that these shared services were overly tailored to individual customers, significantly reducing the ability of Shared Service Centres (SSC) to make efficiencies and reduce overheads.¹⁰ One particularly vocal critic of the shared services concept argues that the 'economies of scale' that shared services claim to achieve are in fact a myth.¹¹

As well as a lack of savings, critics point to the non-monetary costs of shared service projects. Potential job losses and staff relocation, coupled with a failure to involve staff and trade unions at the planning stages, can lead to opposition that will inhibit the realisation of benefits from shared services projects.¹²

Critics also claim that many shared service initiatives are predicated on and inspired by private sector models, with insufficient consideration of the wider structural, cultural and policy levers that could be problematic for shared services in the public sector.¹³ The potential to make significant savings is not only complicated by the statutory responsibilities public sector bodies face, but also in light of the tendency for shared services projects to be spread over multiple organisations, complicating the integration of services.¹⁴

1.2.2. Difficulties of measuring benefits

The difficulties in measuring the benefits of a shared services project may arise for a number of reasons, namely: a lack of benchmarking; an absence of baseline data; and, insufficient benefits tracking. Each is explained below:

⁹ Hammond, E (2011) 'Shared services and commissioning' available online at:

<http://www.cfps.org.uk/publications?item=6982&offset=25> (accessed 19 February 2013) (see pages 3-4)

¹⁰ NAO (2012) 'Efficiency and reform in government corporate functions through shared service centres' available online at: <http://www.nao.org.uk/idoc.ashx?docId=cc7b4441-ea1b-4327-acb1-6e0cdf1aa0f4&version=-1> (accessed 15 January 2013)

¹¹ Seddon, J (2012) 'Shared illusions' in *Public Finance*, available online at: <http://opinion.publicfinance.co.uk/2012/07/shared-illusions/> (accessed 16 January 2013)

¹² Whitfield, D (2007) 'Shared Services: Strategic Framework' available online at: <http://www.european-services-strategy.org.uk/publications/essu-reports-briefings/shared-services-strategic-framework/essu-shared-services-strategy.pdf> (accessed 16 January 2013) (see page 5)

¹³ Thornton, J (2012) 'You don't share it well' in *Public Finance*, available online at: <http://www.publicfinance.co.uk/features/2012/11/you-dont-share-it-well/> (accessed 4 February 2013)

¹⁴ Kamal, M. M (2012) 'Shared services: lessons from private sector for public sector domain' in *Journal of Enterprise Information Management*, Vol. 25(5), pp. 431-440.

- A **lack of benchmarking** can undermine a shared service project before it has been fully implemented. In the aforementioned Whitehall case, one of the key difficulties according to the NAO, was that the UK Coalition Government had “not developed the necessary benchmarks against which it could measure performance and drive improvement”;¹⁵
- An **absence of baseline data** was cited by the Northern Ireland Audit Office (NIAO) as complicating the measurement of shared service benefits. The 2008 Report *Shared Services for Efficiency* found that the development of projects was “complicated and prolonged, due to the absence of baseline data, available in a uniform basis, on the historic cost and performance of the services being provided.”¹⁶ The Assembly’s Public Accounts Committee’s (PAC) response to this Report stated:

*the absence of baseline data makes it much more difficult for the Department to demonstrate, and for the Committee to assess, whether value for money has been maximised;*¹⁷
- **Insufficient benefits tracking**, from their projection at the beginning of a project through subsequent performance reviews, can create several problems, with the cause of success or failure in shared services projects difficult to assess.¹⁸

The difficulties in measuring benefits are not unique to shared service projects. The NIAO’s 2012 *Review of the Efficiency Delivery Programme* focused on 42 efficiency projects drawn from the four largest spending departments. The Review examined the extent which Efficiency Delivery Plans produced by these departments had delivered true efficiency savings as required by the 2008-11 Budget, noting a “lack of comprehensive baseline information at the outset.”¹⁹ The Review concluded that:

*although there is extensive guidance on best practice in the measurement of efficiencies this had not been followed in most of the projects [the NIAO] examined.*²⁰

¹⁵ Thornton, J (2012) ‘You don’t share it well’ in *Public Finance*, available online at:

<http://www.publicfinance.co.uk/features/2012/11/you-dont-share-it-well/> (accessed 4 February 2013)

¹⁶ NIAO (2008) ‘Shared Services for Efficiency – A Progress Report’ available online at:

http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2008/shared_services_for_efficiency.pdf (accessed 14 January 2013) (see page 25)

¹⁷ PAC (2010) ‘Report on a Review of the Gateway Process’ available online at:

http://archive.niassembly.gov.uk/record/committees2009/PAC/100204_ReviewoftheGatewayProcess.htm (accessed 6 February 2013)

¹⁸ BuyIT (2006) ‘Shared Services in the Public Sector’

¹⁹ NIAO (2012) ‘Review of the Efficiency Delivery Programme’ available online at:

http://www.niauditoffice.gov.uk/index/publications/recent_reports/efficiency_final.pdf (accessed 13 February 2013) (see page 20)

²⁰ NIAO (2012) ‘Review of the Efficiency Delivery Programme’ available online at:

http://www.niauditoffice.gov.uk/index/publications/recent_reports/efficiency_final.pdf (accessed 13 February 2013) (see page 2)

Although the difficulty of measuring benefits permeates other public sector programmes, as the evidence outlined above indicates, it is arguably a more acute issue in the case of shared services. Commentators argue that the failure to properly measure benefits could undermine the very concept of shared services itself.²¹

This paper will now examine some of the benefits measurement guidance (section 2) in order to set the context for the assessment of the e-HR Programme's performance (section 3).

²¹ Cross, M (2009) 'Sufficient Sharing? (shared services in government)' in [GovernmentIT](#) (see pages 26-27)

2. Methods of benefits measurement

To answer criticisms of shared services, it is imperative that the realisation of benefits (or otherwise) are properly measured. DFP has produced its own guidance for benefits measurement in accordance with Her Majesty's Treasury and the Office of Government Commerce (OGC) standards, highlighting the importance of identifying:

*potential benefits, their planning, modelling and tracking, the assignment of responsibilities and authorities and their actual realisation.*²²

This section provides an overview of benefits measurement methods, several of which were employed by DFP in its performance reviews of the e-HR Programme.

2.1. The Gateway Review process

The standard of benefits measurement is known as the 'Gateway Review' process. It was developed by OGC, and launched in England in 2001, and in Northern Ireland in 2004. The purpose of the Gateway Review process is to improve the delivery and value for money of IT-enabled and construction projects.

The reviews are carried out at five key decision points or "gateways" by a small team of independent practitioners, who are external to the project.²³ The reviews tend not to be publicly available, with the Senior Responsible Officer (SRO) the intended audience. The most relevant gateway to this paper is the fifth, the 'Benefits Realisation' stage, which aims to ascertain whether the projected benefits set out in the Full Business Case have been successfully realised. For example, a Gateway Review 5 will ask:

- Does the organisation have performance measures to cover all aspects of the contract?;
- Do the selected performance measures offer clear and demonstrable evidence of the success (or otherwise) of the contract?; and,
- Are performance measures that relate to delivery or capability improvement tracked against an existing baseline?

Despite the adoption of the Gateway Review process since 2004, Northern Ireland has departed from the usual OGC approach. The Gateway process has been limited in Northern Ireland to medium and high risk projects (those with a score of 31 or above on the Risk Potential Assessment scale), precluding low risk projects from being

²² DFP (2003) The Northern Ireland Practical Guide to the Green Book: DFP's Guide to the Appraisal, Evaluation, Approval and Management of Policies, Programmes and Projects, available online at: http://www.dfpni.gov.uk/index/finance/eag/eag-implementation/benefits_management_and_realisation.htm (accessed 19 February 2013)

²³ OGC (2007) 'OGC Gateway™ Process Review 5: Operations review and benefits realisation' available online at: <http://www.dfpni.gov.uk/cpd-coe-ogcgateway5-operations-review-and-benefits-realisation.pdf> (accessed 14 January 2013) (see page 3)

subject to Gateway Reviews.²⁴ The NIAO's 2009 *A Review of the Gateway Process: The Management of Personal Injury Claims* expressed concern that opportunities to improve value for money were being lost by the failure to apply Gateway Reviews to low risk projects. For example, not all of the ESS projects were subject to Gateway Reviews; with the Centre for Applied Learning deemed too low risk a project in terms of capital spend. The Full Business Case of the e-HR Programme makes clear that it is to be monitored under OGC guidance, including the full Gateway Review process.²⁵ The fifth gateway was completed for the e-HR Programme on 13 June 2012, entitled *OGC Gateway™ Process Review 5: Operations review & benefits realisation*.²⁶

The Gateway Review model has been exported to Australia, the Netherlands and New Zealand, as well as several Asian countries. It has been suggested that the use of Gateway Reviews saved the UK Exchequer over £2.5 billion by 2007 as a result of 700 Gateway Reviews.²⁷ In Northern Ireland, the Central Procurement Directorate has claimed that Gateway Reviews have produced savings of £25 million.²⁸

However, it was unclear from an evidence session with the PAC whether value for money savings can be directly attributed to the Gateway Review process.²⁹ A senior Department of Regional Development (DRD) official said that not once in his role as SRO in receipt of Gateway Reviews had they “produced recommendations for better value for money.” Indeed, DFP also had difficulties with the assertion that value for money is a major objective of the Gateway process.³⁰ Nevertheless, the DRD official did go on to say that “the gateway review process has real value in helping departments and project teams to deliver better the project in which they are engaged.”³¹

2.2. Benefits Realisation Report

The Gateway Review process is not the only method recommended to measure benefits. A Benefits Realisation Report forms part of an on-going internal monitoring

²⁴ NIAO (2009) 'A Review of the Gateway Process: The Management of Personal Injury Claims' available online at: http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2009/a_review_of_the_gateway_process_the_management_of_personal_injury_claims.pdf (accessed 11 March 2013) (see pages 6-7)

²⁵ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 14)

²⁶ OGC (2012) 'OGC Gateway™ Process Review 5: Operations review & benefits realisation'.

²⁷ Fawcett, P and Marsh, D (2012) 'Policy Transfer and Policy Success: The Case of the Gateway Review Process (2001-10)' in *Government and Opposition*, Vol. 47(2), pp. 162-185.

²⁸ NIAO (2009) 'A Review of the Gateway Process: The Management of Personal Injury Claims' available online at: http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2009/a_review_of_the_gateway_process_the_management_of_personal_injury_claims.pdf (accessed 11 March 2013)

²⁹ PAC (2010) 'Report on a Review of the Gateway Process' available online at: http://archive.niassembly.gov.uk/record/committees2009/PAC/100204_ReviewoftheGatewayProcess.htm (accessed 6 February 2013)

³⁰ NIAO (2009) 'A Review of the Gateway Process: The Management of Personal Injury Claims' available online at: http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2009/a_review_of_the_gateway_process_the_management_of_personal_injury_claims.pdf (accessed 11 March 2013) (see page 4)

³¹ PAC (2010) 'Report on a Review of the Gateway Process' available online at: http://archive.niassembly.gov.uk/record/committees2009/PAC/100204_ReviewoftheGatewayProcess.htm (accessed 6 February 2013)

process to establish the extent to which benefits have been achieved to date, and what remains to be done to ensure they are fully realised. In the case of the e-HR Programme, a benefits realisation report entitled the *E-HR Programme Benefits Progress Report* was produced in early 2011.³²

2.3. Post-Implementation Review

A Post-Implementation Review is another internal oversight procedure that looks at a project after its implementation. A SRO is tasked with reviewing the performance indicators of a project, including the costs and benefits to date, user satisfaction, and the continued alignment to the business strategy.³³ The Post-Implementation Review for the e-HR Programme was completed on 1 December 2011, entitled *e-HR Programme Post-Implementation Review (PIR)*.³⁴

2.4. PwC's Saratoga Methodology

PricewaterhouseCooper's (PwC) Saratoga method draws insight from workforce data (including metrics, surveys and predictive analytics), to help align a company's measurement programme with the objectives of a company's strategy and HR programmes. An HR Scorecard is used to demonstrate performance against comparative benchmarks, such as the performance of an organisation across a given time period and external samples from both the public and private sectors that have similar challenges and operating models as the organisation under review.³⁵

In addition, PwC claims the metrics used by the HR Scorecard are viewed together with an assessment of internal trends, allowing additional insights to be gained. PwC claims the Saratoga method helps a company "meet its HR measurement and benchmarking strategies to improve productivity, discretionary efforts and return on investment in human capital."³⁶

PwC completed an NICS-wide HR benchmarking exercise in March 2011, which included some of the services the e-HR Programme aimed to deliver.³⁷

2.5. The Drummond MacFarlane model

A new approach to benefits measurement has been developed by Drummond MacFarlane, which while not replacing detailed financial planning, supports committees in terms of scrutiny and Benefits Realisation tracking.³⁸ The "evaluation

³² DFP (2011) 'E-HR Programme Benefits: Progress Report.'

³³ CIPFA (2003) 'Guidelines on Developing a Business Case and Option Appraisal.'

³⁴ DFP (2011) 'e-HR Programme Post-Implementation Review (PIR) 1 December 2011.'

³⁵ PricewaterhouseCoopers (2011) 'HR Benchmark Report: Northern Ireland Civil Service & Northern Ireland Office.'

³⁶ PwC Saratoga, available online at: <http://www.pwc.com/us/en/hr-saratoga/index.jhtml> (accessed 19 February 2013)

³⁷ PricewaterhouseCoopers (2011) 'HR Benchmark Report: Northern Ireland Civil Service & Northern Ireland Office.'

³⁸ Local Government Association (2012) 'Appendix 1: evaluation tool' in *Services shared: costs spared? An analysis of the financial and non-financial benefits of local authority shared services*, available online at:

tool” has been used in several local councils in England. It requires a determination of an initial baseline position before focusing on the financial and non-financial benefits that may occur from implementation of shared services projects.

http://www.local.gov.uk/c/document_library/get_file?uuid=598051c8-c99c-4b7c-8d26-cc1d0b9607d7&groupId=10171
(accessed 7 January 2013) (see page 2)

3. HRConnect and the e-HR Programme

HRConnect, the key deliverable of the e-HR (electronic Human Resources) Programme, is part of ESS which envisaged reform in the public sector to improve co-operation and co-ordination between common corporate services. According to its Full Business Case, completed in February 2006, the e-HR Programme aimed to transform and modernise the personnel function throughout the NICS, by delivering elements of the Future Service Delivery Model.

A large part of the e-HR Programme was to be delivered by shared services projects, namely HRConnect and some aspects of Corporate HR.³⁹ On the HRConnect side, outdated IT systems were to be replaced, and a centralised administrative personnel service from a SSC was to be created. The SSC would handle all routine HR queries and transactions, such as sick leave and payroll services, allowing HR staff in departments to focus on strategic and high value HR activity.⁴⁰

HRConnect comprises of seven HR services: External Recruitment; Internal Vacancy Management; Employee Relations; Non-Industrial Payroll; Industrial Payroll; Learning and Development; and, Performance Management.⁴¹

The e-HR Programme adopted a revised deployment approach, which was to delay the roll-out of the full range of services and the broader NICS HR Service Delivery Model to August 2009. A number of less critical programme deliverables were subsequently implemented through a Programme Completion Plan in mid-2011.⁴²

3.1. The Committee for Finance and Personnel's scrutiny of HRConnect

The Committee for Finance and Personnel (CFP) and PAC have previously undertaken scrutiny of both ESS and the e-HR Programme, holding several evidence sessions with DFP officials in recent years. At an early stage CFP signalled its eagerness "to receive regular updates on the performance of shared services, including substantiation of reported efficiencies."⁴³

For example, the PAC considered the increase in the projected cost of HRConnect from £328 million to £465 million. PAC ultimately found the increase acceptable given that the strategic partnership NICS entered into with Fujitsu in March 2006 increased from 10 to 15 years. In addition, the higher level of upfront capital payments and a

³⁹ The shared service elements of Corporate HR include a policy development and shared pensions service for NICS HR.

⁴⁰ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 17)

⁴¹ DFP (2010) 'Enterprise shared services' available online at: <http://www.dfpni.gov.uk/enterprise-shared-services> (accessed 3 April 2013)

⁴² DFP (2011) 'E-HR Programme Benefits: Progress Report' (see page 3) and DFP (2011) 'e-HR Programme Post-Implementation Review (PIR) 1 December 2011' (see page 3).

⁴³ CFP (2010) 'Report on the Preliminary Inquiry into Public Sector Efficiencies' available online at: http://archive.niassembly.gov.uk/finance/2007mandate/reports/Report_60_09_10R.html (accessed 5 February 2013)

lower level of service charges were to be payable to the contractor over the term of the contract.⁴⁴

CFP's focus of scrutiny has been on HRConnect, as it has been the most visible key deliverable from the e-HR Programme. It was also the only privately outsourced aspect of the programme and experienced some high-profile "teething problems" during its implementation.

The issues previously scrutinised by CFP are summarised below:

- **Payroll problems** - In some cases the new payroll system implemented in 2008 did not accurately pay staff (both underpaying and overpaying employees). There was also disappointment in the quality of service provided by the SSC in response to these issues.

In a further evidence session in January 2010, DFP officials informed CFP that while the bulk of complaints continued to relate to payroll, by mid-2011 HRConnect was achieving its 99.9% accuracy target;⁴⁵

- **Staff satisfaction** – In July 2009, the SRO for HRConnect admitted to the Committee that the "main element of concern was the accuracy of the payroll. That was very difficult, and caused huge reputational damage to us."⁴⁶

In correspondence with CFP in October 2010, the Northern Ireland Public Service Alliance highlighted the 2009 Millward Brown Ulster research that found only 23% had a positive experience with HRConnect. The results of the 2010 and 2011 customer satisfaction surveys are given in the Appendix of this paper, which demonstrate some improvement. However, critics may point to the low baseline preceding these surveys;

- **Data protection** – In February 2009, the issue of data protection for employees was raised. There was concern that the data of employees who interacted with HRConnect by telephone rather than computer could be vulnerable if guidelines were not sufficiently adhered to. For instance, other employees could overhear

⁴⁴ PAC (2008) 'Report on Shared Services for Efficiency – A Progress Report' available online at:

<http://archive.niassembly.gov.uk/public/2007mandate/reports/2008/report210809R.htm> (accessed 12 May 2013)

⁴⁵ CFP (2010) 'NICS Shared Service Centres, 27 January, Official Report (Hansard)' available online at:

<http://archive.niassembly.gov.uk/record/committees2009/FinancePersonnel/100127NICSSharedServiceCentres.htm>

(accessed 3 April 2013). See also, DFP (2011) 'e-HR Programme Post-Implementation Review (PIR) 1 December 2011' (see page 12-13)

⁴⁶ CFP (2009) 'HR Connect, 1 July, Official Report (Hansard)' available online at:

http://archive.niassembly.gov.uk/record/committees2008/FinancePersonnel/090701_hrconnect.htm (accessed 4 February 2013)

personal details. DFP officials assured the CFP that data protection guidelines had been fully taken on board;⁴⁷

- **Delay in go-live dates** - The e-HR Programme's Full Business Case envisaged the realisation of programme completion and benefits in the 2008-09 financial year, which were subsequently missed. DFP was able to recoup some costs from Fujitsu, per the terms of the strategic partnership from the slippage of these dates, with a final recovery settlement of £5.2million.⁴⁸

Furthermore, the original 'organisational cluster'-based deployment was changed to one based on NICS-wide deployment of success releases. This extended the timeframe for deployment and benefits realisation (2007 to 2009), followed by a programme completion phase of "less critical programme deliverables," which ended in mid-2011;⁴⁹

In addition to these issues, this research paper identifies a further issue before the full implementation of the e-HR Programme, which CFP may wish to consider:

- **Delay in Gateway Review 5** – In its July 2009 evidence session on HRConnect, CFP heard that the first tentative date set for a Gateway Review 5 was set for October 2009, dependent on the industrial payroll successfully going live.⁵⁰ This date was pushed back to early- to mid-2011 in the October 2010 evidence session.⁵¹ The Gateway Review 5 would not be subsequently completed until 13 June 2012.

Points for scrutiny: CFP may wish to seek information on the overall costings of HRConnect, including: estimated cost at the beginning of the project; the final cost of the project; and, justification for any additional costs over and above those that were originally envisaged in the Full Business Case.

In addition, CFP may wish to probe DFP about the underlying reasons why the Gateway Review 5 was delayed, and whether this was avoidable.

⁴⁷ CFP (2009) 'HRConnect, 25 February, Official Report (Hansard)' available online at: http://archive.niassembly.gov.uk/record/committees2008/FinancePersonnel/090225_hrconnect.htm (accessed 4 April 2013)

⁴⁸ NIAO (2008) 'Shared Services for Efficiency – A Progress Report' available online at: http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2008/shared_services_for_efficiency.pdf (accessed 14 January 2013) (see page 46-47)

⁴⁹ DFP (2011) 'e-HR Programme Post-Implementation Review (PIR) 1 December 2011' (see page 3)

⁵⁰ CFP (2009) 'HR Connect, 1 July, Official Report (Hansard)' available online at: http://archive.niassembly.gov.uk/record/committees2008/FinancePersonnel/090701_hrconnect.htm (accessed 4 February 2013)

⁵¹ CFP (2010) 'Enterprise Shared Services: HR Connect and Centre for Applied Learning, 20 October, Official Report (Hansard)' available online at: http://archive.niassembly.gov.uk/record/committees2010/FinancePersonnel/101020_HRConnect.htm (accessed 4 February 2013)

Furthermore, what were the financial implications of these delays, and are there any other implications of the delays that CFP should be aware of?

3.2. Measuring the performance of the e-HR Programme

In CFP's February 2009 evidence session on HRConnect, a DFP official commented:

...it will be only after full implementation that we will be able to track through the realisation of all the benefits that were set out in the full business case.⁵²

It is in this context that this paper measures the performance of the e-HR Programme. This paper tracks the progress of projected benefits from the Full Business Case across subsequent performance reviews.

While it has not been possible to extrapolate the benefits of HRConnect in isolation from the e-HR Programme, the majority of the findings do relate to HRConnect and HR shared services in the NICS more generally.

The following pages feature a table for each of the five projected benefits arising from the e-HR Programme (see Box 1).

Box 1: projected benefits of the e-HR Programme⁵³

1	Increase efficiency of HR service delivery
2	Continuation of payroll services and continuation of HR services
3	Deliver consistent HR services
4	Improve HR decision making
5	Improve electronic HR capability and reduce reliance on HR paper files

The tables are structured as Columns A, B, C and D, in which the baseline positions for the projected benefits are tracked from Column A across Columns B, C and D to

⁵² CFP (2009) 'HRConnect, 25 February, Official Report (Hansard)' available online at: http://archive.niassembly.gov.uk/record/committees2008/FinancePersonnel/090225_hrconnect.htm (accessed 4 April 2013)

⁵³ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see pages 32-33). In the Full Business Case, the benefits in Box 1 were not originally grouped together as they are here. However, subsequent DFP documentation on the e-HR Programme has listed the benefits this way.

determine the progress of these benefits at each performance review, and to ascertain whether they have been successfully achieved. The breakdown of each table is as follows:

- **Column A** of each table features the Baseline Position / Method of Measurement. **Important for Members to note here is that these were given by DFP in the *E-HR Programme Benefits Progress Report* rather than in the e-HR Programme's Full Business Case.**

For example, 'Quality and timeliness of electronic data updates and management reports' (see **4.2 A** on page 25) and 'Improved consistency in trend data' (**4.4 A** on page 26) are two methods of measurement to assess whether the fourth projected benefit of 'improved HR decision making' has been achieved. It is these measures that are tracked across each table;

- **Column B** is the first comprehensive performance review of the e-HR Programme, the *E-HR Programme Benefits Progress Report* produced in early 2011;
- **Column C** is the Post-Implementation Review completed on 1 December 2011;
- **Column D** is the Gateway Review 5 completed on 13 June 2012; and,

To facilitate CFP's consideration of these benefits, each table is followed by points for scrutiny. Additional information is provided by PwC's NICS-wide report, the *HR Benchmark Report: Northern Ireland Civil Service & Northern Ireland Office*, which was completed in March 2011.⁵⁴

Points for scrutiny: CFP may wish to ascertain why more detailed Baseline Positions / Methods of Measurement were not given in the Full Business Case.

⁵⁴ PricewaterhouseCoopers (2011) 'HR Benchmark Report: Northern Ireland Civil Service & Northern Ireland Office.'

3.2.1. Projected Benefit 1: Increase efficiency of HR service delivery

The Full Business Case stated that the implementation of the e-HR Programme would increase the efficiency of HR Service delivery by 5%, by the end of 2008/9. This would be achieved via “implementation of modern HR support facilities, business process improvement and the phased introduction of employee and manager self-service supporting NICS Reform agenda.”⁵⁵

Table 2: tracking ‘Increase efficiency of HR service delivery’⁵⁶

	A Baseline Position / Method of Measurement	B Benefits Progress Report	C Post-Implementation Review	D Gateway Review 5
1.1	<i>Business Case costs of existing HR service delivery (£26,479,160 per year at 05/06 prices) – April 2009 onward</i>	<ul style="list-style-type: none"> Continues to operate within this budget; this represents efficiencies of £1,971,445 (7.44%). 	<ul style="list-style-type: none"> Continues to operate within a budget of £26.4m at 05/06 prices, demonstrating efficiencies in the region of 7%. 	<ul style="list-style-type: none"> Refers to the Post-Implementation Review, in which the cost of delivering the HRConnect subset of services was found to remain within tolerances set within the FBC at 05/06 prices.
1.2	<i>Reduction in the number of transactional and administrative staff involved in HR service across NICS to 350 Full-Time Equivalent (FTEs)</i>	<ul style="list-style-type: none"> The 350 FTEs target was uplifted to 396 FTEs before the Benefits Progress Report. 	<ul style="list-style-type: none"> Number of FTEs within retained HR reduced from 876 in April 2006 to 389 in March 2010. 	<ul style="list-style-type: none"> See 1.3 D.
1.3	<i>Achievement of retained HR ratio to staff 1:80 within a budget of £12.25m @ 08/09 salary prices by year 3</i>	<ul style="list-style-type: none"> £12.25m figure revised to £13.86m in light of amended targets (see 1.2 B). At March 2010, the ratio was 1:68. This ratio gives a spend of £13.61m (389 FTEs x Average Salary at £35,000). 	<ul style="list-style-type: none"> There were strong mitigating circumstances for the target (see 1.2 A) not being met. The overall cost target has been achieved and this was regarded as being “a more 	<ul style="list-style-type: none"> Refers to the findings of PwC’s Saratoga benchmarking report, in which the overall HR costs when measured on a per FTE basis have increased and stand above the median against the GB central government sample and outsourced samples and

⁵⁵ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 32).

⁵⁶ Table created by the author.

		definitive measure of value.”	marginally below the median of the selected samples.
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The following points for scrutiny arise from the tracking of the Baseline Positions / Methods of Measurement across the subsequent performance reviews of the e-HR Programme.

Points for scrutiny: The current number of FTEs in Human Resources has been reported at 389. Against this, CFP may wish to ask DFP to provide information on:

- 1. Why was the FTEs target uplifted from 350 to 396? What were the mitigating circumstances referred to in the Post-Implementation Review?**
- 2. How was HRConnect able to operate within its £26.4m (at 05/06 prices) budget, when the target number of FTEs had been uplifted?**
- 3. Are the retained 389 FTEs involved in HR service delivering functions that could have been better transferred to HRConnect?**

In addition the *E-HR Programme Benefits Progress Report* recommended that for the purposes of e-HR Programme governance, the “**Increase efficiency of HR Service Delivery**” benefit had been achieved.⁵⁷ However, the Gateway Review 5 states that PwC’s HR Benchmark Report demonstrated that the NICS HR (of which the e-HR Programme forms part) was largely performing below the targeted levels in terms of HR Service Delivery.⁵⁸

- 4. Can DFP give the Committee assurances that the ‘Increase efficiency of HR Service Delivery’ benefit of the e-HR Programme has been achieved, given the findings of PwC’s HR Benchmark Report?**

⁵⁷ DFP (2011) ‘E-HR Programme Benefits: Progress Report’ (see page 16)

⁵⁸ OGC (2012) ‘OGC Gateway™ Process Review 5: Operations review & benefits realisation’ (see pages 7-8). The targeted levels were to place “NICS in the top quartile of public sector employers in the UK in terms of HR Service Delivery.”

3.2.2. Projected Benefit 2: Continuation of payroll services and continuation of HR services

The Full Business Case promised the continued delivery of current payroll services through the implementation of an existing solution prior to the expiry of the existing contracts in 2008. In addition, HR services would continue through the implementation of an e-HR solution prior to the expiry of HRMS contract in 2008.⁵⁹

Table 3: tracking 'Continuation of payroll services and continuation of HR services'⁶⁰

	A Baseline Position / Method of Measurement	B Benefits Progress Report	C Post-Implementation Review	D Gateway Review 5
2.1	<i>Performance in terms of service availability under existing HRMS contract – expires June 2008</i>	<ul style="list-style-type: none"> There was no break in service during the transition to HRConnect, although there was slippage in the go-live dates. Existing payroll and HR contracts were extended to ensure overlap with HRConnect despite the amended timetable. 	<ul style="list-style-type: none"> No break in service. A full contingency was available through the Legacy system. 	<ul style="list-style-type: none"> The service faced technical and process issues immediately following contract signature, but progress has been made by departments in overcoming technical and process issues.
2.2	<i>Performance in terms of service availability under existing Industrial Payroll Contract – expires March 2008</i>	<ul style="list-style-type: none"> Full contingency was available through the Legacy system in the event HRConnect failed to meet the success criteria for go-live. 	<ul style="list-style-type: none"> Existing payroll and HR contracts were extended to ensure an overlap with HRConnect despite the amended timetable. 	<ul style="list-style-type: none"> No further issues to address.
2.3	<i>Performance in terms of service availability under existing Non Industrial Payroll Contract – expires March 2008</i>	<ul style="list-style-type: none"> Full contingency was available through the Legacy system in the event HRConnect failed to meet the success criteria for go-live. 	<ul style="list-style-type: none"> Existing payroll and HR contracts were extended to ensure an overlap with HRConnect despite the amended timetable. 	<ul style="list-style-type: none"> No further issues to address.

⁵⁹ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 32).

⁶⁰ Table created by the author.

2.4	<i>System and service fault restoration times under new Contract for integrated HR and Payroll Service</i>	<ul style="list-style-type: none"> • Performance for fault restoration times reported monthly through HRConnect Service Level Agreements (SLAs). 	<ul style="list-style-type: none"> • Monthly HRConnect SLAs show the vast majority of targets in 'green,' i.e. performance is greater than the minimum level agreed in the contract. However, from May to October 2011, the 'Incident Logged –P4' measure in the ICT Management category was consistently below the threshold level. 	[Not referred to in this review.]
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The Benefits Progress Report states that “for the purposes of e-HR Programme governance it is noted that this benefits has been achieved.”⁶¹

Points for scrutiny: CFP may wish to consider several issues surrounding the delays in implementation of the HRConnect service.

- 1. Whether delays were the cause for the existing payroll and HR contracts to be extended; and additionally, what were the financial and non-monetary costs of extending existing contracts?**
- 2. To ask DFP whether the Continuation of Payroll Services and Continuation of HR Services ought to be considered a benefit, rather than a risk mitigation measure?**

⁶¹ DFP (2011) 'E-HR Programme Benefits: Progress Report' (see page 18)

3.2.3. Projected Benefit 3: Deliver consistent HR services

The Full Business Case claimed that the delivery of consistent HR services would be achieved by the implementation of common processes, systems and standards, where sensible and economically viable to do so by 2008.⁶²

Table 4: tracking ‘Deliver consistent HR services’⁶³

	A Baseline Position / Method of Measurement	B Benefits Progress Report	C Post-Implementation Review	D Gateway Review 5
3.1	<i>Customer satisfaction survey ratings/results (against year 1 baseline)</i>	<ul style="list-style-type: none"> The Full Business Case gave no baseline or target value for customer satisfaction, although it was recognised as area that needed to improve with HRConnect. Staff attitude surveys showed satisfaction levels at 16% in 2009; and 31% in 2010. 	<ul style="list-style-type: none"> Outlines the full results from the 2010 ESS customer satisfaction survey in Annex C, referred to in the Benefits Progress Report. <p>[See <i>Appendix</i> of this paper for a comparison of 2010 and 2011 customer satisfaction survey results.]</p>	<ul style="list-style-type: none"> As part of the continuous improvement of the HRConnect service the outstanding areas of user dissatisfaction need to be addressed.
3.2	<i>Positive / Negative outcomes from any benchmarking exercise</i>	<ul style="list-style-type: none"> Saratoga exercise completed in 2007 to provide a benchmark for HR on a NICS-wide basis, with a further benchmarking exercise in 2010. 	[Not referred to in this review.]	<ul style="list-style-type: none"> The Gateway Review 5 mentions in its response to the 2010 PwC report that the Review Team could find no evidence of an action plan to deliver improvement or any shared view of who owned responsibility for lower than targeted performance across a range of measures in terms of HR service delivery.

⁶² eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 33).

⁶³ Table created by the author.

3.3	<i>Record of incidences on non-compliance with regulatory compliance</i>	<ul style="list-style-type: none"> The Full Business Case gave no baseline or target value set for this. All NICS HR policies and processes these apply consistently to all NICS employees so adherence to guidance should prevent any incidence of regulatory non-compliance. 	[Not referred to in this review.]	[Not referred to in this review.]
3.4	<i>Performance monitoring against service levels and quantum of deductions</i>	<ul style="list-style-type: none"> A single set of service levels for NICS as a whole agreed, in addition to the SLAs agreed with Fujitsu. 	<ul style="list-style-type: none"> SLAs (May to October 2011) show that overall HRConnect is meeting these measures, with the exception of the issue identified in 2.4 C. 	<ul style="list-style-type: none"> ESS planning a joint review with Fujitsu over HRConnect SLAs to “provide a more meaningful set of measures that will focus on service improvement.
3.5	<i>Percentage reduction in absenteeism</i>	<ul style="list-style-type: none"> No target was set against this measure. Nevertheless, the baseline position in 05/06 for NICS was 6.0% reduced to 4.9% in 09/10. 	[Not referred to in this review.]	[Not referred to in this review.]

The Post-Implementation Review recorded “**Delivering consistent HR Services**” as a benefit that has been achieved through the provision of supplementary information, rather than against the Baseline Positions / Methods of Measurement.⁶⁴

Points for scrutiny: the Post-Implementation Review relies on supplementary information to state that the ‘Delivering consistent HR Services’ benefit has been achieved.

1. CFP may wish to ascertain whether DFP ought to regard this benefit as having been achieved given the lack of supporting information on progress against the Baseline Position / Method of Measurement?

⁶⁴ DFP (2011) ‘e-HR Programme Post-Implementation Review (PIR) 1 December 2011’ (see page 9)

- 2. In addition, why were no baseline or target values set for customer satisfaction, recording incidences of non-compliance or for the percentage reduction in absenteeism?**

In terms of customer satisfaction with services provided by HRConnect, four of the five main areas of complaint in the 2011 customer survey were the same as in 2010 (Performance Reviews, Recording Leave, Design and Site Navigation, Communication/Customer Service):

- 3. What steps is DFP taking to address the source of complaints raised in these four main areas?**

In response to PwC's Review Team finding that there was no evidence of an action plan to deliver improvement, CFP may wish to consider:

- 4. Has DFP now created an action plan to deliver improvement in HRConnect? And if so, what measures of performance are contained within this action plan and who owns responsibility for it?**

HRConnect is assessed on a monthly basis via the contractual framework of Service Level Agreements (SLAs). CFP may wish to ask the Department to provide SLAs in order to gain a greater understanding of the performance of HRConnect, and:

- 5. Requesting an update on the progress of the joint review with Fujitsu over HRConnect's SLAs and Key Performance Indicators, and the outcomes from this review.**

3.2.4. Projected Benefit 4: Improve HR decision making

The Full Business Cases aimed to improve HR decision making through the provision of detailed, specific, timely, accurate and accessible personnel information by 2008.⁶⁵

Table 5: tracking ‘Improve HR decision making’⁶⁶

	A Baseline Position / Method of Measurement	B Benefits Progress Report	C Post-Implementation Review	D Gateway Review 5
4.1	<i>Availability of employee data from new integrated HR and Payroll system 2006-2008</i>	<ul style="list-style-type: none"> All Employee data needed to support the full design range of HR processes and reports are available on HRConnect. 	<ul style="list-style-type: none"> Integrated payroll/HR systems and services had the potential for better decision making based on superior management information. 	<ul style="list-style-type: none"> No further issues to address.
4.2	<i>Quality and timeliness of electronic data updates and management reports</i>	<ul style="list-style-type: none"> Electronic data updates improved by self-service and management reports developed in line with Full Business Case. 	<ul style="list-style-type: none"> The <i>Customer Focus Group Report</i> demonstrated improvements in satisfaction with electronic data updates and management reports e.g. 22% increase in good/very good (53% total) rating in “the accuracy of the management information in your reports.” 	<ul style="list-style-type: none"> Presentation of management information to be reviewed to maximise value, by clearly highlighting business issues to inform decision making.
4.3	<i>Ease of data analysis and extraction including use of stand reports and reports development</i>	<ul style="list-style-type: none"> Comprehensive set of data extracts was developed for use by NISRA in meeting more complex HR reporting and analytical requirements. 	<ul style="list-style-type: none"> No further issues to address. 	<ul style="list-style-type: none"> No further issues to address.

⁶⁵ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 33).

⁶⁶ Table created by the author.

4.4	<i>Improved consistency in trend data</i>	<ul style="list-style-type: none"> Consistent trend data is now available through Service Delivery Reporting Processes, Ad-hoc reporting drawing from an integrated repository of HR data, and NISRA HR data extracts. 	<ul style="list-style-type: none"> No further issues to address. 	<ul style="list-style-type: none"> No further issues to address.
4.5	<i>Use of standard interfaces and electronic updates</i>	<ul style="list-style-type: none"> Standard interfaces - a wide variety of files have been replaced by a single HRConnect Portal, underpinned by an Oracle database platform. Electronic updates - self-service now enables the employee and the line manager to update information without manual intervention. 	<ul style="list-style-type: none"> No further issues to address. 	<ul style="list-style-type: none"> No further issues to address.
4.6	<i>Availability and uptake of Shared Service Centre and Self Service facilities</i>	<ul style="list-style-type: none"> Availability of facilities is monitored and reported monthly, with SSC and ICT exceeding their 99% target. SSC and self-service is now the single route for HR transactional activity. 	<ul style="list-style-type: none"> SSC Staff availability at 100% in the SLA provided at Annex B of the Post-Implementation Review. 	<ul style="list-style-type: none"> The Review Team recommended that the success of the SSC should be made more visible.

The Benefits Progress Report comments that it is “questionable” whether improving HR decision making can be regarded as a projected benefit of implementing HRConnect. Furthermore, that “in terms of this benefit, there is limited relevance between it and the measures set out.”⁶⁷

Points for scrutiny: CFP may wish for DFP to explain the comments made in the Benefits Progress Report, particularly in terms of ‘lessons learned’ in regard to future shared services projects.

⁶⁷ DFP (2011) ‘E-HR Programme Benefits: Progress Report’ (see page 22)

3.2.5. Projected Benefit 5: Improve electronic HR capability and reduce reliance on HR paper files

The Full Business Case aimed to improve the delivery of HR services by ensuring that all transactions are capable of being electronically provided by 2008. In addition, the e-HR Programme would exploit e-technology to reduce future reliance on HR paper files by 70% by 2008.⁶⁸

Table 6: tracking ‘Improve electronic HR capability and reduce reliance on HR paper files’⁶⁹

	A Baseline Position / Method of Measurement	B Benefits Progress Report	C Post-Implementation Review	D Gateway Review 5
5.1	<i>Availability of self-service facilities</i>	<ul style="list-style-type: none"> Self-service facility was implemented in Nov/Dec 2007 and Jan 2008 after going through the agreed governance arrangement and quality controls. 	<ul style="list-style-type: none"> SSC Staff Availability measured at 100% between May and October in 2011. 	<ul style="list-style-type: none"> No further issues to address.
5.2	<i>Use of e-technology within system and process design</i>	<ul style="list-style-type: none"> HR transactions are now provided electronically; Online self-service facility now available to all employees; Paper personnel files stored off site by Capita with exception of limited number of working files. 	<ul style="list-style-type: none"> Self-service situation described as “less satisfactory.” A combination of factors resulted in some self-service screens which are non-intuitive and confusing. 	<ul style="list-style-type: none"> Reported a lack of specialist Oracle knowledge which was perceived by the service management team to be a risk on the value for money measure. Furthermore, users commented that some aspects of the IT self-service remained “clunky.”
5.3	<i>Increased use of electronic data interchange between internal and external stakeholders</i>	<ul style="list-style-type: none"> Online advertising and application for external posts; electronic interfaces in place with pension providers, Account NI, etc. 	<ul style="list-style-type: none"> No further issues to address. 	<ul style="list-style-type: none"> No further issues to address.

⁶⁸ eHR Programme: HR Services Project Strategic Partner Document, Final (v2.0) Full Business Case (2006) (see page 33).

⁶⁹ Table created by the author.

<p>5.4</p>	<p><i>Improved communications between internal and external stakeholders</i></p>	<ul style="list-style-type: none"> SSC identified as the first point of contact for transactional HR, communication between HR and both internal and external stakeholders are now done performed from a single point of contact. 	<ul style="list-style-type: none"> No further issues to address. 	<ul style="list-style-type: none"> No further issues to address.
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The Benefits Progress Report states that “no baseline or target values set for the measures outlined,” which appears to contradict the Full Business Case, in which a target was set for reducing reliance on paper files by 70% by 2008. Nevertheless the report recommended “that for the purposes of e-HR Programme governance this benefit is regarded as having been met and performance noted.”⁷⁰

Points for scrutiny: CFP may consider whether the goal of ‘all transactions are capable of being provided electronically by 2008’ can be said to have been met, if no baseline or target values were set for the measures outlined.

1. CFP may wish to ask why no baselines of target values were set for the measures outlined in Column A?

Furthermore, the original measure of a 70% reduction in the reliance of paper files in the Full Business Case did not feature in any of the subsequent e-HR Programme performance reviews.

2. Why this measure no longer featured in subsequent performance reviews?

In respect of the self-service design issues, CFP may wish to seek clarification on the steps the Department is taking to ensure that users have the best possible experience with HRConnect.

⁷⁰ DFP (2011) ‘E-HR Programme Benefits: Progress Report’ (see page 26)

4. Concluding Remarks

This paper has analysed the performance of the e-HR Programme to date, with a particular emphasis on the key deliverable of this programme, HRConnect. The paper tracked the projected benefits from the e-HR Programme's Full Business Case across subsequent performance reviews. This was in order to ascertain whether these benefits have been properly measured and realised, both before and after the programme's completion in mid-2011.

The difficulties in tracking the projected benefits across subsequent performance reviews have made the overall picture on the performance of the e-HR Programme unclear. In composing the tables found on the preceding pages, this paper found that some benefits either:

- did not appear to have a baseline position;
- lacked a clearly defined baseline position; or,
- had been regarded as having been achieved, despite the lack of precise evidence.

In terms of the lack of a baseline position, the *E-HR Programme Benefits Progress Report* could find "no baseline or target values set" for the fifth projected benefit, to 'Improve electronic HR capability and reduce reliance on HR paper files.' This was despite the e-HR Programme's Full Business Case targeting a reduction in the future reliance on HR paper files by 70%. Furthermore, many of the measures for the third projected benefit, 'Delivering consistent HR services,' appeared to have no baseline or target values to work toward.

While the availability of benchmark data for HRConnect in the form Service Level Agreements (SLAs) demonstrates HRConnect's performance since its implementation, the lack of benchmarking data for the HR function in NICS before the e-HR Programme makes it difficult to measure the extent of HRConnect's improvement. It is therefore difficult to assess the true benefits of the HRConnect service, with no benchmarking data from the previous HR service to make comparisons.

In respect of an unclear baseline position, the Benefits Progress Report found there was limited relevance between the fourth projected benefit, 'Improve HR decision making', and the baseline positions set out to measure it. Additionally, the first projected benefit aimed to 'increase efficiency of HR service delivery' by 5% by 2008/09. However, the baseline positions offered by the Benefits Progress Report do not seem to correspond with the 5% target.

Finally, the Benefits Progress Report regarded the first, second, third and fifth benefits as having been achieved. However, in the case of the first project benefit, the Gateway Review 5 noted doubts arising from PwC's HR Benchmark Report in the performance of NICS HR (of which the e-HR Programme forms part) across a range of measures.

As previously mentioned, the third benefit lacked baseline or target values, yet was regarded as being achieved on the basis of supplementary information. The Benefits Progress Report also noted that the fifth benefit had been achieved, despite the lack of any baseline or target values set.

The uncertainty surrounding the realisation of the e-HR Programme's projected benefits is particularly significant for HRConnect, as the key shared service delivered by the programme.

The *NICS People Strategy 2009 to 2013* envisaged that HRConnect would provide an opportunity for enhanced measurement and use of management information, particularly through benchmarking measures and an HR balanced scorecard to assess the quality and performance of HR services in the NICS.⁷¹ While HRConnect's performance has been measured by monthly SLAs, the ambiguity in the realisation of benefits through the e-HR Programme could have ultimately hindered the role for HRConnect described by the People Strategy.

The Gateway Review 5 identified this potentially problematic issue, noting:

*There is a risk that the benefits of the [management information] produced may not be fully realised because of past concerns over accuracy of data and a lack of alignment of provision of data to specific business needs.*⁷²

Placing ambiguity of HRConnect performance in a wider context, prominent commentator on IT in the public sector Michael Cross has argued that the failure to properly measure benefits of shared services could undermine the very concept itself:

*Shared services, a philosophy based entirely on the promise of achieving efficiencies and measurable business benefits, will be even more vulnerable if the benefits are not robustly accounted for.*⁷³

Overall, the findings from this assessment of the e-HR Programme indicate the need for a more rigorous and consistent methodology in measuring performance. Such a methodology ought to have a clear initial baseline position, with robust evidence that projected benefits have been achieved. Moreover, the methodology should be easily comprehensible to external scrutiny. Without such a methodology, the measurement of benefits becomes complicated, as the successes and failures of a given project are not fully understood and the lessons are not learned.⁷⁴

⁷¹ NICS (2009) 'NICS People Strategy 2009 to 2013' available at:

http://www.dfpni.gov.uk/nics_people_strategy_24_march_09_.pdf (accessed 22 April 2013) (see page 15)

⁷² OGC (2012) 'OGC Gateway™ Process Review 5: Operations review & benefits realisation' (see page 10)

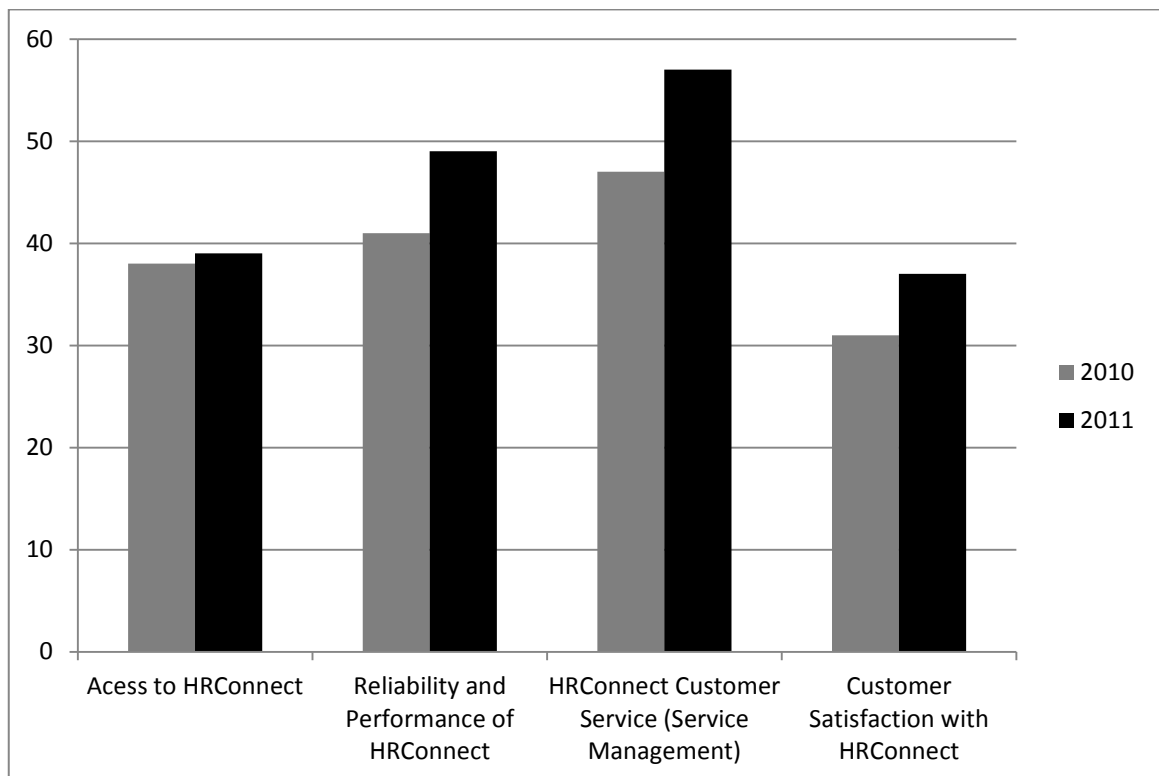
⁷³ Cross, M (2009) 'Sufficient Sharing? (shared services in government)' in *GovernmentIT* (see pages 26-27)

⁷⁴ BuyIT (2006) 'Shared Services in the Public Sector'

Appendix - Customer Satisfaction for HRConnect 2010 to 2011

For the purposes of this research paper, the graphs below have been compiled to highlight the number of people who considered a particular aspect of HRConnect ‘Good or Very Good,’ as there were no comparable ‘Neutral’ or ‘Poor or Very Poor’ data available for 2010.⁷⁵

Figure 1: Overall customer survey results (%)⁷⁶



⁷⁵ NISRA (2011) ‘Enterprise Shared Services: HRConnect Customer Focus Group Report – Year 2’; and DFP (2011) ‘e-HR Programme Post-Implementation Review (PIR) 1 December 2011’ (see Annex C)

⁷⁶ Graph created by the author.

Figure 2: Overall access to HRConnect (%)⁷⁷

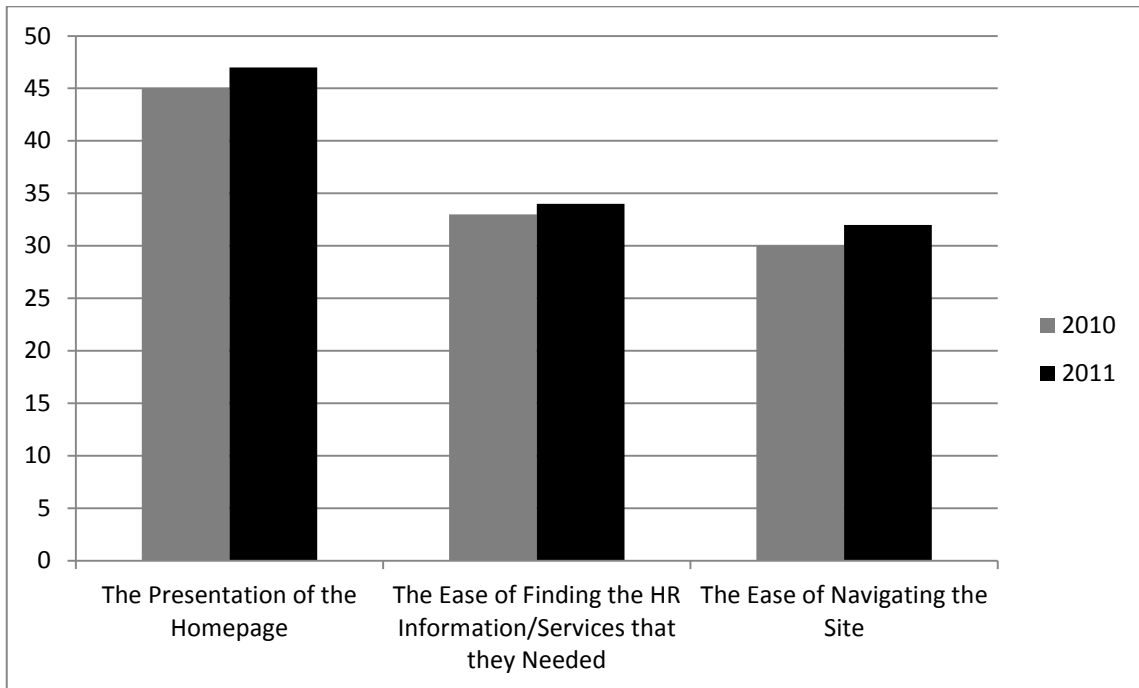
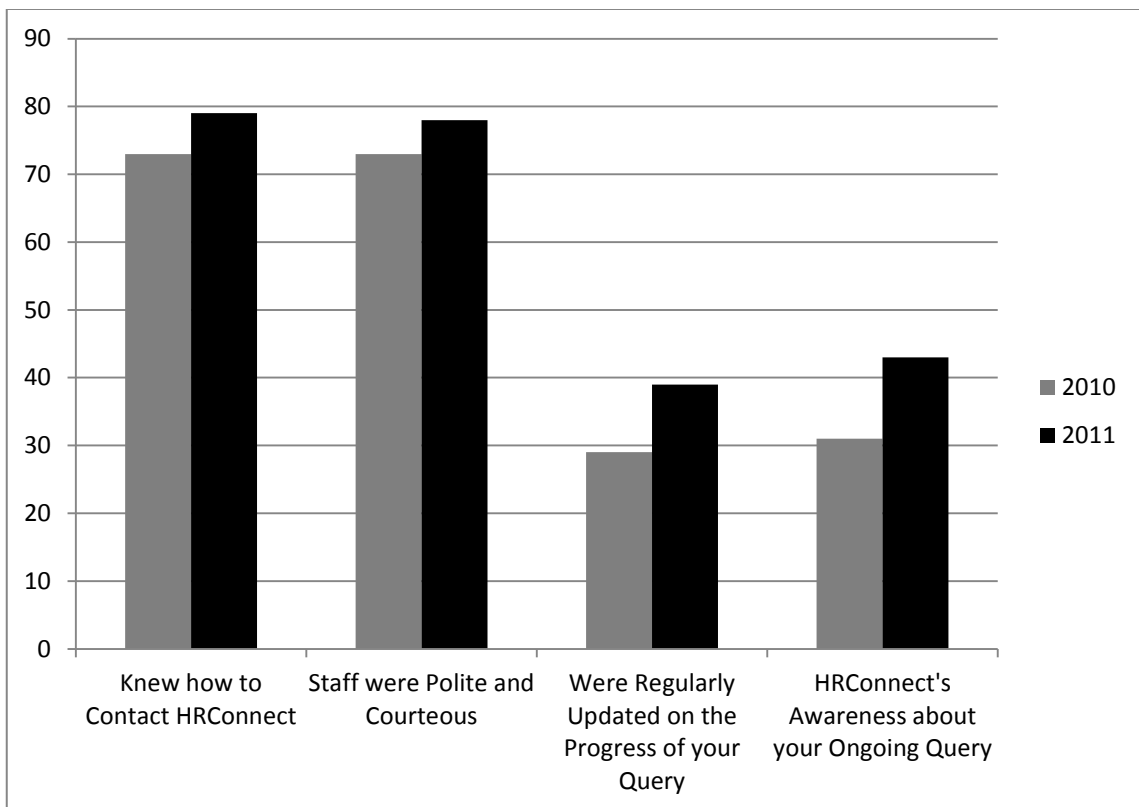
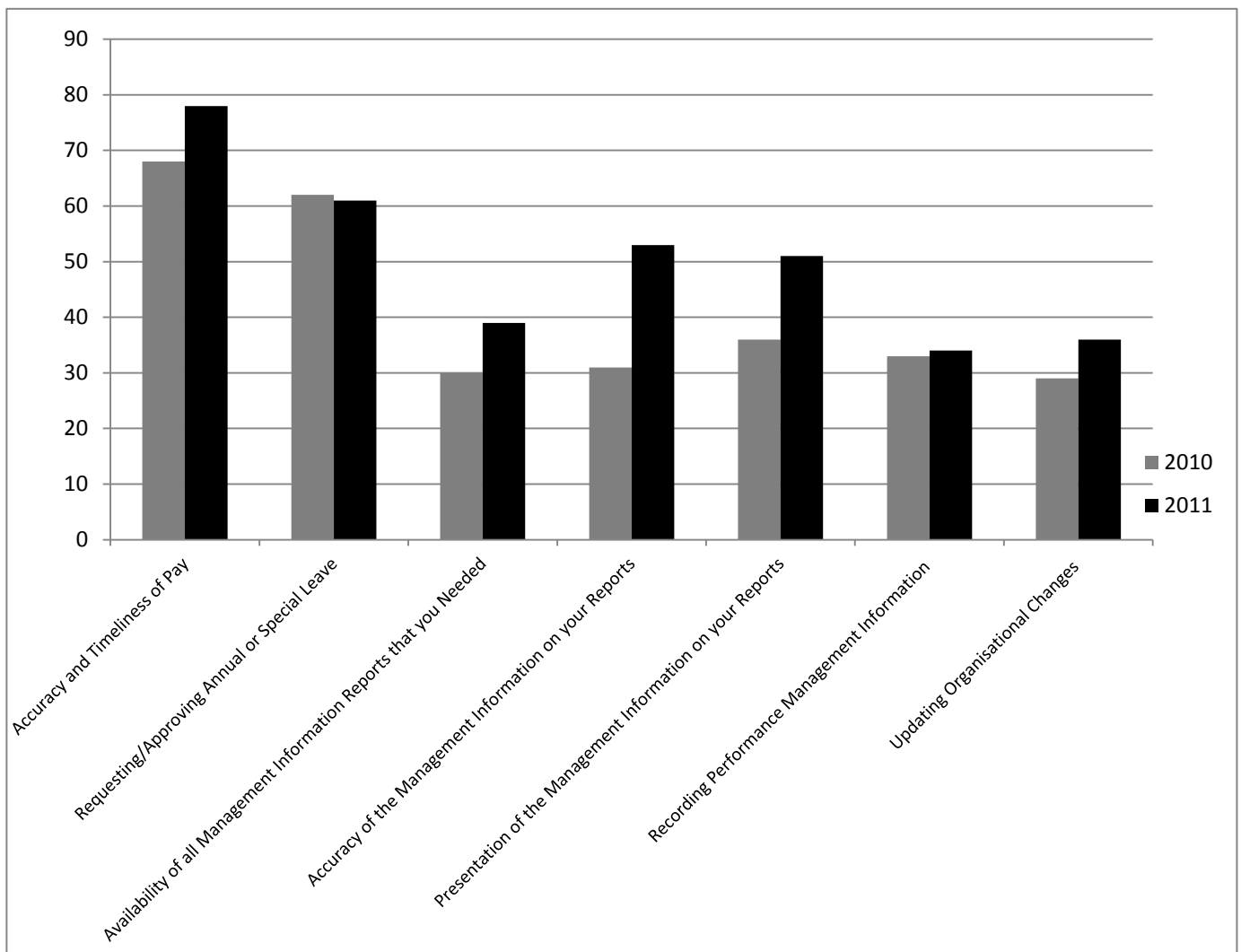


Figure 3: Overall HRConnect customer service (service management) (%)⁷⁸



⁷⁷ Graph created by the author.

⁷⁸ Graph created by the author.

Figure 4: Overall reliability and performance of HRConnect (%)⁷⁹

The HRConnect customer satisfaction surveys from 2010 to 2011 show an improvement in nearly all measures, with the only exception being a slight decrease in the 'Requesting/Approving Annual or Special Leave' category.

While the Committee may wish to note the overall improvement in customer satisfaction, it could be argued that results were starting from a low base, particularly in light of the early payroll problems (see page 14).

⁷⁹ Graph created by the author.