



Northern Ireland  
Assembly

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COMMITTEE FOR  
FINANCE AND PERSONNEL

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**OFFICIAL REPORT**  
(Hansard)

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**NICS Shared Service Centres**

27 January 2010

**NORTHERN IRELAND ASSEMBLY**

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FINANCE AND PERSONNEL**

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**Members present for all or part of the proceedings:**

Ms Jennifer McCann (Chairperson)  
Mr Peter Weir (Deputy Chairperson)  
Mr Simon Hamilton  
Mr Mitchel McLaughlin  
Mr David McNarry  
Mr Adrian McQuillan  
Mr Declan O'Loan

**Witnesses:**

Mrs Mr Barry Lowry )  
Patricia Corbett ) Department of Finance and Personnel  
Mr John Crosby )  
Mr Paul Wickens )

**The Chairperson (Ms J McCann):**

I welcome Paul Wickens, director of the shared services organisation; Patricia Corbett, director of service management; John Crosby, chief executive of Account NI; and Barry Lowry, deputy director of the shared services organisation.

I remind everyone that mobile phones must be switched off as they can affect the recording of the session, which is being covered by Hansard.

I ask the witnesses to provide a brief introduction, which will be followed by questions from Committee members.

**Mr Paul Wickens (Department of Finance and Personnel):**

As the Committee is aware, I was appointed as the director of the new shared services organisation in August 2009. Since then, my focus has been on setting up the new organisation and migrating all the relevant reform programmes and projects into a transitional organisation by the end of 2009. The shared services organisation came into operation on 1 January 2010.

In the transitional period, my immediate priorities have been to ensure that there has been no disruption to customers, to resolve any residual implementation issues and to establish new governance arrangements. As outlined in the briefing paper, a governance model has been endorsed by the permanent secretaries group and advised to the departmental board, and I am aiming to have those arrangements up and running by the end of March 2010.

A key focus in moving forward will be to build customer confidence and to ensure that we make best use of the skills, experience and technology in the organisation to deliver a faster, simpler and more responsive service to our customers.

**The Chairperson:**

Thank you. The Committee will now move straight to questions.

**Mr Weir:**

Thank you for your presentation. It was unlike some of the presentations that the Committee receives in that it was very succinct.

The concept of shared services means different things to different people. Is the focus of the organisation to be frontward facing from a customer interface point of view, or is it principally about sharing and co-ordinating services at a back-office level?

**Mr Wickens:**

The initial focus will be very much on the back-office functions. The six shared services that have come into the organisation are HR Connect, Account NI, IT Assist, the Centre for Applied Learning, Network NI, and Records NI. Those are back-office functions that serve the internal staff of the public sector. It is anticipated, and the business case made reference to the fact, that other services, such as NI Direct, could be brought into the organisation in the future. Such

services are more customer-facing. However, there are no short-term plans to do that.

**Mr Weir:**

When I think of shared services, the examples that I have seen, particularly across the water, tend to focus on providing a one-stop shop that offers a range of services to the public. From what you have said about the internal side being concentrated on, that seems to be some way off. Have you looked at the way that shared services operate in the Republic or across the water — in Scotland, for instance — where there have been a number of initiatives of that type?

**Mr Wickens:**

Yes, I have. I have a background of working in that area, but I have also spent some time looking at best practice, not just within these islands but further afield. That has initially involved looking at the back-office functions. I am well aware of the kind of capabilities that we would like to drive towards on the front-office side, but that is not in my remit at this point. It remains within the remit of the Department.

**Mr Weir:**

We are all aware that one of the accusations often thrown at government in Northern Ireland is that there is a lack of joined-up thinking. To some extent, shared services are, from a cross-departmental point of view, supposed to start to tackle some of those problems. One thing that concerns me is that at times there is a dislocation between central and local government. Has there been any indication of sharing information on processes with local government or some way that there could be a degree of buy-in?

It strikes me as being twofold. In relation to the internal mechanisms, shared services in some shape or form must be high on the agenda of local government. I suspect that local government will be looking to see what can be learned from the experiences of central government on how sharing human resources, IT, etc is best done. If you have not done so already, I urge you to try to open a dialogue with local government on that.

In relation to the more customer-focused side of shared services, what tends to operate in other parts of the UK is that there are centres that involve a range of central government services and various agencies but that are also tied in with local government. It may well be that a person is sorting out their social security problems in one part of the building, while a member of their

family is getting a dog licence, or whatever it happens to be, in another part of the same building. Has there been any contact with local government? If not, I urge you to open up a dialogue.

**Mr Wickens:**

There is contact on a number of fronts. All the contracts that we have in place and the six shared services that I currently have responsibility for have been set up in such a way that any part of the public sector in Northern Ireland could potentially participate in them. However, we have structures in Northern Ireland that are different from the structures that exist across the water. I have looked at the model in Ayrshire, where there is a good example of a one-stop shop; one building that a person can go into and participate as a consumer of those services. We have had dialogue with the Health Department, which has set up its own business services organisation. I have had regular meetings with the chief executive of the health shared services organisation to talk about its journey forward. I have not yet had any direct dialogue with local government.

**Mr Weir:**

I am conscious that, both with the Minister and within local government, there is an active conversation about the concepts of collaboration and shared services, and whether those should be based on the model of a business services organisation or one of collaboration from the ground up. It seems odd that that conversation may be taking place in a vacuum when work on shared services is ongoing at the level of central government. At the very least, the lessons that you are learning about what to do, what not to do, and how to do it could provide information and experience of great value to local government in considering the most appropriate way forward, and may even put different opportunities on the table that are not there at present. That is more of a comment than a question.

**The Chairperson:**

A big driver of the shared services programme was the need to make efficiencies and the fact that gains could be made in that area. Have any efficiencies been made, and how have those been measured?

**Mr Wickens:**

The shared services organisation was established only three or four weeks ago. You will be aware of the history of the different individual shared services. My initial approach will focus more on the effectiveness of the shared services. I want to spend the first period improving the

effectiveness of services such as HR Connect and Account NI, rather than just focusing on achieving efficiencies. It is the old two-dimensional thing: efficiency is one dimension and effectiveness the other. In the short term, the onus is on me to drive effectiveness upwards, because we have most opportunity to do that. I will then look towards what efficiencies can be achieved.

The reform delivery unit has also been moved into the shared services organisation. Its remit is to help the services that I am responsible for and the Departments to realise potential benefits and efficiencies. Part of my role will be to work with that unit to establish a benefits plan for the shared services organisation (SSO). We have not done that yet; we are just starting the journey. A benefits plan is in place for each of the individual services — for example, HR Connect has a benefits plan, as does Account NI. We are working through those plans and have seen some of the benefits, which have been reported to the Committee previously. However, I have yet to create an efficiency plan for the SSO, and I will then look at the opportunities.

One of the business case drivers for creating the SSO was to look at the opportunities for collaboration, sharing and efficiencies. Between now and April 2010, I will be looking at the functions that are common across each of the shared services. The corporate services and business support functions currently exist in separate pockets in each of the services. We will be looking at bringing those together for efficiency gains. However, my initial focus will be on the effectiveness side of things.

**Mr McLaughlin:**

I am a strong supporter of the shared services concept, particularly if it leads to one-stop shop facilities being rolled out across the region.

I will follow on from the questions about efficiency and effectiveness. Last year, the Committee received information about a significant spike in the number of complaints received by HR Connect in the spring of 2009. We learned that more than 600 complaints remained outstanding on 6 May 2009. What is the current number of complaints outstanding against HR Connect, and how many have not been dealt with within the prescribed 10-day period?

**Mrs Patricia Corbett (Department of Finance and Personnel):**

You are quite correct that HR Connect had a real issue with complaints last year, which peaked at

1,200 complaints in March 2009. That very high number of complaints was difficult for us, and it led to the unfortunate situation in which we were unable to respond within the 10 days that we had established as part of the complaints process. I am content to report that there has been a significant change and that the trend has been downward month-on-month. In December 2009, the figure was sitting at 169 complaints. None are sitting outside the 10-day response time.

**Mr McLaughlin:**

That is excellent. The Committee received an explanation that pay over the holiday period was one of the issues that caused the spike. Can we expect that that will not be repeated this year, and that lessons have been learned?

**Mrs Corbett:**

Yes, the lessons have been learned. We carried out an analysis of the complaints that were received and looked at the root causes. Some of those were to do with payments related to temporary promotions and other such issues. We have made changes to the processes to improve the service to customers so that the grounds for those particular complaints have been removed.

**Mr McLaughlin:**

I find that reassuring. The Committee recognised that a major change management process was underway and that it provided a huge challenge. Therefore, it is good to hear such positive feedback.

Last week, the Committee heard that HR Connect had identified capital slippage of £2.8 million for the current financial year due to delays on the part of the contractor. What is the current situation?

**Mrs Corbett:**

The current situation in relation to spend is that we are still within our budget. However, there is a capital slippage. We have surrendered some of the capital, and we will have to bid for it again in 2010-11 and have that matched. The payment process ensures that we pay the contractor only when all the milestones have been delivered, with the purpose of incentivising delivery and ensuring that the contractor is not paid before all of the criteria are met. This has been a complex and complicated programme, with an ambitious level of change in delivery. Therefore, we have been robust in signing off any capital payments to the contractor. As members are aware, we

have suffered delay. We have a programme of implementation covering the next year to complete that, and during that period a number of milestones are to be met by the contractor.

**Mr McLaughlin:**

Can you confirm that the contractual arrangements include the necessary leverages or sanctions if there is a failure to deliver?

**Mrs Corbett:**

Yes.

**Mr McLaughlin:**

You said that you will have to bid in the in-year process for 2010-11. Given the pressures that we can anticipate, what are the implications for SSO if those bids cannot be met?

**Mr Wickens:**

We have been in discussion with our central finance function to advise and appraise it. We are not anticipating any issues, but nothing can ever be guaranteed.

**Mr McLaughlin:**

You have not answered my question. There are no guarantees; so, what are the implications if the bid is not met?

**Mr Wickens:**

We believe that the bid will be met.

**Mr McLaughlin:**

You still have not answered my question, which is a straightforward one. If the bid is not met, what are the implications? If the money is not there, what happens?

**Mr Wickens:**

We will revisit it at that time and see what the options are.

**Mr Weir:**

I think that you should be interviewed outside Hillsborough Castle.



**Mr McLaughlin:**

We need a party spokesperson — you would be good at that. *[Laughter.]*

The Committee may be less than satisfied with your response. However, rather than putting you on the spot, we will follow it up in writing. Let me say that I am trying to support you in doing your job.

The Committee has completed and is about to sign off on a major review of the procurement process, which drew our attention to many issues. One specific issue that I became aware of and brought to the attention of the Committee concerned a local company that runs a very successful business in assembling IT and computer equipment. It is not a branded international company. It has had huge difficulty in selling its award-winning equipment to the government in the North. Generally, in view of the evidence produced to our inquiry, we think that potential suppliers in our own region have difficulty finding an open mind or an effective point of contact in government, through which their systems can be assessed on an objective basis for potential use in the wider Civil Service. How will IT Assist work? It is in the interest of us all not only to get the best IT equipment but to encourage that type of local expertise and to develop it in the interests of the wider economy.

**Mr Wickens:**

I spend quite a bit of time taking meetings with representatives from different IT companies. My background is in the IT sector in Northern Ireland, and I may well know the company to which you refer. I am not sure, but I may even have met with its representatives. I have been taking a number of meetings with local representatives.

The challenge is that we are in a tight set of economic constraints. We have shared services, with fixed parameters around that. It would be nice to bring other things into that, but we cannot go out and buy things on a whim. However, we give local firms the opportunity to present us with ideas and to challenge some of our thinking by asking whether we have thought about doing things differently. We have given them the opportunity to do that, and we will continue to do so.

**Mr Barry Lowry (Department of Finance and Personnel):**

We are bound by European legislation, and we must compete through the Official Journal of the

European Union. The issue with IT Assist is scale. We have 18,500 customers. If we change one fifth of the PCs every year, that requires a contractor with the capacity to provide more than 3,000 computers in one year. That presents a greater opportunity for the more high-profile companies. The companies that are contracted to IT Assist all have a local presence and employ people locally. As I am sure you know, Eircom set up premises in Northern Ireland and is now a major employer in the IT industry here on the back of getting the Network NI contract. So, opportunities do come out of the IT Assist procurement process.

**Mr McLaughlin:**

I will not go into the detail of individual cases as that would not be appropriate, but the conundrum is that there are examples of companies that export and sell abroad but cannot sell to the local Administration. Some of those companies receive international excellence awards, and they can sell internationally but not to our government. That issue may have some cultural implications. We are entitled to expect that people would be prepared to be open-minded about local enterprise.

**Mr Wickens:**

I agree. Having been on the other side of the fence trying to penetrate the public sector, I know that it is a challenge. There are two sets of opportunities. One is for proof of concept pilots, where that is possible, through our colleagues in the delivery and innovation division. We tend to involve them in our meetings with company representatives. The other opportunity, which we strongly encourage smaller companies to take advantage of, is to meet and team up with the lead suppliers in each of the major shared services. Those are major, long-term projects. As we change policy, procedures and the way in which we do things, it will generate change control. That is a positive rather than a negative side of change. That may spin off opportunities for the smaller company. So, we have brokered some introductions to the larger suppliers and suggested that the smaller companies speak with them about potentially finding a way in through that route. There are ways of getting in, and those are the two main ones.

**Mr McLaughlin:**

Thank you, and best wishes with the SSO concept.

**The Chairperson:**

The Programme for Government also makes reference to the way in which public procurement

could be used for the benefit of the economy. That is an important point.

**Mr McNarry:**

Before I ask some general questions, can you tell me who is responsible for supplying equipment to my constituency office?

**Mr Lowry:**

It depends on how it is procured. The Assembly is responsible for supporting Members at constituency office level and within Parliament Buildings, so it depends on the contracts that the Assembly has set up. I believe that the Assembly tends to use the same contracts as the rest of the Northern Ireland Civil Service, which are the PC/printer framework agreements.

**Mr McNarry:**

Does the SSO have any say on that?

**Mr Lowry:**

No, the SSO is not currently contracted to support the Assembly. The Assembly has its own internal ICT support function.

**Mr McNarry:**

I would be pleased if you could take a message back to them: the equipment that they supply is lousy. It simply does not work and is unreliable. If you are thinking of taking up any of that equipment and giving it to some other unfortunate souls, then take that as a danger warning.

**Mr Lowry:**

We have a close working relationship with the Assembly ICT support staff —

**Mr McNarry:**

They must not be telling you the whole truth and nothing but the truth.

**Mr Hamilton:**

Are you pressing the right buttons, David? *[Laughter.]*

**Mr McNarry:**

If I was pressing any buttons, it would be blowing up. *[Laughter.]* It is not me doing it, but it always seems to happen at an urgent time.

The briefing paper states that the aim of your organisation is:

“to establish arrangements for managing shared services that will ... enable the specific skills and expertise in, for example, contract and supplier management, to be deployed more efficiently and effectively.”

That suggests that there is room for improvement, and I think that we all agree that it needs to be more efficient and effective. Can you explain which specific skills and expertise you are talking about?

**Mr Wickens:**

When I wrote the briefing, I had in mind that the individual shared services, all of which started at different times and different places, are the subject of separate procurements and individual contracts that are running for separate periods, and we are now trying to bring them together into one organisation. In the major services, such as HR Connect and Account NI, there is a contract management team and a service management team in each individual silo of services. The opportunity exists to bring them together and help them to collaborate. That is not a criticism of what is there today; it is seeing an opportunity to combine best practice. For example, Account NI could learn something from HR Connect, which, in turn, could learn something from IT Assist. In the future, we should perhaps create a contract management team that is responsible for all those bodies.

**Mr McNarry:**

Does getting to that point involve procurement policies?

**Mr Wickens:**

No, it does not. A lot of this should be invisible. It should take place behind the scenes, without disruption to the customer. Effecting change in the shared services organisation is a purely operational issue.

**Mr McNarry:**

That seems reasonable. I apologise because I have to leave soon; other things are happening at the moment. Is the Account NI system sufficiently aligned with the Programme for Government and PSA targets and indicators to provide the necessary management information on inputs and outcomes going forward?

**Mr Wickens:**

I will ask John to say something more specific on that. However, on a general level, the two biggest areas of opportunity for improvement — there are always areas for improvement — involve the 10-day prompt payment time and the management information. At the moment, we are focusing specifically on the quality of management information and how we produce it. That has fed its way up through the various governance structures that are already in place. We have taken some specific actions to review what we can do to make that better. It is recognising that.

**Mr John Crosby (Department of Finance and Personnel):**

Account NI provides a set of tools, and all Departments now have the same toolset for managing finance, making payments and managing procurement. As a result of us bringing that all together under one foundation, better information on spend on certain items or with particular suppliers will be available to central agencies such as the Central Procurement Directorate. The final two Departments went live in July 2009, so we have not had a full year of operation yet. We are basically a toolset that Departments can use to deliver on their obligations.

**Mr McNarry:**

Can you produce any evidence that, to date, your actions are having a positive impact on forecasting and monitoring by Departments? How might your system facilitate the use of alternative approaches to budgeting, such as zero-based or performance and output budgeting? Are you there yet?

**Mr Crosby:**

We are not there just yet. However, we will develop a consistent basis of financial information on what is happening in all Departments. That is not readily available or available centrally.

**Mr McNarry:**

Are you worried about being blamed somewhere down the line because the system is wrong? We cannot get enough information out of this Department at the best of times. At least you are talking to us. Other officials sit there and tell us nothing. Are you confident that this system will allow this Committee and other Committees to say to officials directly that a system is in place and they no longer have excuses? When will I be able to tell them that they cannot make excuses or pass the buck down the line?

**Mr Wickens:**

We are still at a very early stage of the journey; that is perhaps not the answer that you want to hear.

**Mr McNarry:**

It is not.

**Mr Wickens:**

I understand that. We have to get a full year's operation under our belt. We have still to get some of the residual implementation issues ironed out in some areas. We continue to talk to our colleagues in finance to understand what they require of us on the budgeting and forecasting side. There will always be the opportunity to change some aspects. We achieved contract performance point only when we signed off delivery in October and November 2009. In that respect, we are at a very early stage.

**Mr Crosby:**

There are two elements to forecasting. Forecasting is driven by what is happening in a Department and its business pressures and the direction in which the customer-facing services that it is delivering are heading. We can provide quality information on what has happened in the past to help inform the future. The business direction that a Department takes is outside our remit.

**Mr McNarry:**

We must improve on forecasting, because it is so important. You could not run a business without being able to forecast. You might get it wrong or you might get it right. I wish you well with your work. I am impatient — if you are more efficient, you might do it in nine months rather than 12 months. I note that you are nodding. Does that mean that you will do it in nine months?

**Mr Wickens:**

I am thanking you for your best wishes and hoping that we will be more efficient.

**Mr McQuillan:**

I want to concentrate on HR Connect. You said that there are 169 complaints outstanding. Will you give us a flavour of those? I know that they have been replied to within the 10-day response time. When the system went live, our constituency office was inundated with complaints about HR Connect.

**Mrs Corbett:**

You are absolutely right. It was a rocky time for all of us when the payroll went live in November 2008, because there were so many nuances around the terms and conditions for payroll for civil servants. Translating those into a new IT system, training staff in the Departments, and training our employees on how the new solution would work and how the shared service centre would operate was a very complex task, and we went live with a “big bang”. We were dealing with 27,000 civil servants at once, and some things did not work. We wholeheartedly admit that.

There are still elements that we are improving, and we seek to continue to improve. The bulk of the complaints related to payroll, and that continues to be the case. We have received complaints about some other services. I do not have the breakdown on that, but I can get that information for the Committee. The final point of escalation for any complaints that are not dealt with satisfactorily by the shared service centre is me. Those have been few and far between. Only four or five complaints, all of which related to payroll, have been referred to me in the past few months, and they have all been resolved.

I can understand why employees got so frustrated with the process and made a complaint. They were not getting the responses or the answers that enabled them to understand why the issue had arisen. It took time for us to work with the shared service centre staff to explain why our policies work the way they do and why somebody was overpaid. If the service overpays somebody, our policy states that we must recover that. Most employees who have been overpaid do not like that money to be recovered. We had to go through all those details.

I must say that the situation has settled down considerably. When we last gave evidence to the Committee, we reported that we were imposing abatements on the contractor for failure to deliver on the payroll. The payroll service is now reaching a level of high satisfaction and achieves 98.5% accuracy. Obviously, our target is 100%, but the threshold is 99.9%, so we are very close to that.

**Mr McQuillan:**

So the situation really has improved.

**Mrs Corbett:**

Yes.

**Mr McQuillan:**

Paul, I want to ask you about efficiencies. I know that the SSO was set up to create a one-stop shop. However, surely you had one eye on efficiencies while you were doing that. I am a bit alarmed to hear you saying that there is no plan in place to create efficiencies. Have you looked at that at all?

**Mr Wickens:**

Let me be clear: I am focusing on effectiveness as the biggest driver. It is incumbent on us to continue to focus on improving the effectiveness of HR Connect and the other services. We have the reform delivery unit, and we will be creating a specific benefits realisation plan for the whole of the SSO. We will then look at efficiencies in that context. I am not saying that we are not going to have efficiencies. However, if you were to ask me which of the two is the more important, I would say effectiveness first and then efficiencies.

**Mr McQuillan:**

I agree with that. However, I would prefer it if you had a plan in place at this early stage that will allow you to create those efficiencies.

**Mr Wickens:**

We have a workshop planned to plan the planning of the benefits.

**Mr McQuillan:**

Therefore, the plan is at the planning stage.

**Mr Wickens:**

Yes.



**Mr McQuillan:**

I look forward to hearing how that is going.

**Mr O'Loan:**

The three areas that I was going to ask about have been touched on already, but I wish to ask a bit more about them.

Like Mitchel, I support the move towards a shared service, and I think that we can get, and probably have got, better service at a lower cost. However, I am unclear about what the superstructure contributes and, indeed, why it is necessary at all. The six areas of work are all very different. For example, the work of Account NI is very different from that of HR Connect. What will putting in an extra tier of management contribute? John Crosby, who runs Account NI, is here with us. If he is doing his job, he will be looking at the quality of the systems and IT mechanisms and, on his own initiative, setting out to make comparisons with, and to learn from, other organisations in the Northern Ireland Civil Service and elsewhere. What size is the superstructure at the head of the organisation? What extra benefit does it contribute?

**Mr Wickens:**

I am the difference; I am the one additional head. The Department released another grade 3 post and created this grade 3 post. Therefore, as far as the Department is concerned, the net impact is zero. The overhead, though I would not call it that, is one role.

Over the past couple of months, I have been looking at the three distinct areas that exist: finance services, HR services and IT services. Combining into those three common areas provides us with an opportunity. Currently, there are three separate and distinct services in the IT services area: IT Assist, Records NI and Network NI. We would move those three services to be under one head of IT services. Account NI would be the one finance service under a head of finance services. A head of HR services will incorporate HR Connect and the Centre for Applied Learning. There are synergies already, but that is only stage one.

Rather than saying that Account NI can do its own things in its own way and sort out its own problems, we have talked about synergies in contract management and the opportunity to lift units out and to gain efficiencies as well as benefits from that: that is stage two. There are also opportunities in the area of service management. We have separate service management teams in

each of the three distinct areas. We have three separate help desks. We have talked about the concept of a one-stop shop that faces outwards through NI Direct. I want to work towards the concept of a one-stop shop that faces inwards. At the moment, people have to phone one number with an IT query, a different number with a HR query, and another number with an account query. Each of those three areas has a separate team, with resources and technologies underneath that.

There are areas that we can look at over the short to medium term in which we can drive really good efficiencies as well as effectiveness. Best practice in the rest of the world, in the private sector primarily but also in some aspects of the public sector, is to create a mixed tier of multifunctional shared services organisations to give synergies and opportunities. It is not an overhead. It is an opportunity to drive out efficiencies and to increase effectiveness in what we can deliver.

**Mr Crosby:**

We are making the move to shared services with the staff that we have already. We are bringing in people from the three existing streams. In Account NI, I have staff members who are involved in central services such as communication and dealing with freedom of information requests and providing support for IT and personnel. I have premise managers, for example, who look after the building. Barry and Patricia also have staff doing those things. One team could do all that for all of us, and we could release people from those central back-office functions to help support front line services. It is about redeploying people, creating a better balance and cutting the organisation's overheads.

**Mr O'Loan:**

I accept what you say.

I welcome what was said about the level of complaints about HR Connect. What is HR Connect's reputation now throughout the Civil Service?

**Mr Wickens:**

There have been a number of customer and staff surveys in relation to HR Connect. The reputation of HR Connect was severely damaged at the time when the level of complaints was a lot higher than it is today. It is unfortunate that some of those surveys, which were based on the

reputation at that time, did not report until near the end of the year. We continue to see an improvement in reputation, but we recognise that there is a long way to go, particularly on the HR Connect side of things.

I have told the permanent secretaries group that my theme for the year is around customer experience, which includes effectiveness. Improving my customers' experience of the services that I deliver must be this year's number one theme. Specific plans are in place to address that and to communicate to staff what we are doing and, more importantly, what we are not doing. A new piece of technology is often expected to be a panacea. It is important that we tell people that there are some things that we will not or cannot do. We are revisiting that to drive increased reputational opportunities for us.

**Mr O'Loan:**

There were teething problems as each wave of Departments and agencies joined Account NI. What progress has the Department made in smoothing out all of that? Will you be more specific on how the 10-day payment is being managed? Do you have any figures on that?

**Mr Wickens:**

About 55% of payments are being made within 10 days. I would like to see that proportion be increased.

**Mr O'Loan:**

That figure seems unsatisfactory.

**Mr Wickens:**

We have specific plans in place to look at what we, as an Account NI service, can improve, and what we can do to help Departments improve what they do, because there is also a lot of departmental responsibility. Simply having a new system and an Account NI service does not automatically mean that all the work and pain is taken away from Departments. Work remains to be done on their side.

We have also been spending quite a bit of time communicating outwards to suppliers, because we find, for example, that 70% of incoming invoices are still directed to Departments. We need them to be sent to the Account NI service. There is a major opportunity to increase and improve

that process, and we are working with the Departments, suppliers and the Institute of Directors to do so. John Crosby will pick up on the other part of the question.

**Mr Crosby:**

It is important to recognise that the 10-day payment target is very challenging. Account NI was designed and resourced to meet the statutory 30-day payment terms. That is what we were in the business of doing. Account NI was set up to take payment terms so that public money was better managed. That all happened pre-credit crunch, when, traditionally, the public sector was not taking payment terms. Given 30 days to pay, a private organisation would typically make a payment close to that limit, rather than right away. As Paul has said, there are three elements involved: the way that suppliers have adapted to the new processes, the way that Departments have adapted, and our bit of the process. 10 days does not allow much time between supply and payment.

It is also important to remember that we do not pay every invoice that is sent to us; invoices must be properly authorised, approved and so forth. There are very often issues around that, particularly if the invoice that we receive does not match the original purchase request. It is easy to match an invoice for the purchase of three tables at £100 each, because the invoice will match the items. However, where there are variations between the invoice and the original purchase request — for example, someone has added carriage or postage and package that was not authorised at the outset — extra processes are involved to account for those variations and to get them approved.

A lot of purchasing is quite complex, particularly in the Departments that have recently joined Account NI — the Department of Agriculture and Rural Development came in on 1 April 2009 and the Department of the Environment and Department for Regional Development in July. For instance, a purchase may involve a load of stones, the cost of which cannot be provided until the lorry has been on a weighbridge. There are variations, and processes must be gone through to make sure that what we are being asked to pay is approved by the Departments.

As Paul said, we are working our way through that with suppliers through the CPD website, with the Institute of Directors, which had a “business clinic” article in last night’s ‘Belfast Telegraph’ that advised suppliers how best to get their invoices paid quickly, and with our own resourcing to maximise that.

**Mr Wickens:**

It may reassure the Committee to know that I have met all the Departments individually to discuss all the services. Furthermore, I have chaired the last three meetings of the finance directors group to understand the way in which the finance directors operate and to pick up the specifics for Account NI. Indeed, it is encouraging to see the proactive contributions that finance directors from 11 disparate Departments make. There is a good working environment, and they are very much on top of the issues. They want to work with Account NI to hold us responsible from that side of the fence, and the arrangement is working quite effectively.

On the 10-day payment, there is an element of debate about whether checking and approval times should be part of the process. We are being deliberately severe on ourselves because, otherwise, we cannot drive up excellence. Therefore, in the short term, we will continue to measure on the basis of all the parameters, including the checking and approval part of the process, which may not be what other sectors here or across the water would do.

**Mr Crosby:**

We could present a much higher figure if we excluded disputed invoices or invoices that had not been sent to the right place or had gone to a Department before coming to us, but, given that the process is new for everybody and that we want to drive out the issues in order to get to the heart of them, we have chosen not to do that.

**Mr O'Loan:**

We should recognise that fact. You have dealt with the teething problems issue that I asked about.

**Mr Crosby:**

I will pick up on that in a bit more detail. Wave 1 was due to go live in November 2007, but it was delayed by a month. It was with stabilising wave 1 that we had the teething problems. In spring 2008, we decided not to proceed with wave 2 as planned on 1 April 2008, but to defer it until July 2008. After that, the rest of the waves came in on time. The contractor met all contractual responsibilities in October 2009, which was the contract performance point. So, we have the tools.

**Mr O'Loan:**

David McNarry asked about Account NI's strategic contribution to the budgeting process. As I understand it, you contribute base information, but the more strategic budgeting issues are not your purview, and it is for others to take that information and use it as they will.

**Mr Crosby:**

Yes, that is right.

**Mr Wickens:**

It is also for us to work closely with the policymakers. Obviously, policy will dictate what we deliver, but there is an opportunity for us to work with the policymakers and to influence that policy. Sometimes, a small policy change can make a big difference to delivery, without compromising things.

**Mr Crosby:**

Some of the information that Account NI will produce will improve procurement further down the line because that information will be better. It is difficult for the Central Procurement Directorate to know who the major players are or what the major spend is at present, because all Departments have different charts of accounts, so the information on how much we are spending on, for example, stones is not readily available.

**Mr O'Loan:**

If you were asked to distinguish in your accountancy system between what is or is not front line spending, could you do so?

**Mr Crosby:**

Yes, in so far as we record expenditure according to how Departments code it.

**Mr O'Loan:**

So, it depends on how Departments code it.

**Mr Crosby:**

Yes. It is coded against the budgets.

**Mr O'Loan:**

For instance, is the person who manages appointments in an out-patient facility deemed to be a front line resource?

**Mr Crosby:**

That is a question for the budget holders and those who allocate money to Departments.

**The Chairperson:**

Thank you very much for coming along. The detailed discussion was helpful.