



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

OFFICIAL REPORT
(Hansard)

**Enterprise Shared Services: HR Connect
and Centre for Applied Learning**

20 October 2010

NORTHERN IRELAND ASSEMBLY

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FINANCE AND PERSONNEL**

**Enterprise Shared Services: HR Connect and Centre for
Applied Learning**

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)

Mr David McNarry (Deputy Chairperson)

Mr Paul Frew

Mr Paul Girvan

Mr Simon Hamilton

Mr Daithí McKay

Mr Mitchel McLaughlin

Mr Adrian McQuillan

Mr Declan O'Loan

Ms Dawn Purvis

Witnesses:

Ms Patricia Corbett) Department of Finance and Personnel

Mr Paul Wickens)

The Chairperson (Ms J McCann):

I welcome Patricia Corbett, HR services director of Enterprise Shared Services, and Paul Wickens, the chief executive.

Mr Paul Wickens (Department of Finance and Personnel):

Good morning. Since January, HR Connect's service management division and the Centre for Applied Learning (CAL) have been brought together under a single HR services director — Patricia Corbett. That has enabled some reorganisation and a focus on joined-up service delivery.

Since my last discussion with you, the quality of the service provided by HR Connect has continued to improve in a number of key areas. For example, payroll accuracy is consistently high, the majority of service levels are being met each month and complaints have fallen to their lowest level since the launch of the payroll service. In addition to maintaining a high level of service delivery in recent months, HR Connect has successfully delivered three retrospective pay awards, implemented the equal pay changes to pay scales and commenced payment of the associated lump sum payments. A number of programme deliverables and action plans remain to be completed, and excellent progress is being made with that work. It remains on track to be fully implemented by the final milestone date in the second half of 2011.

We are also making good progress in CAL, which provides training to NICS Departments and a range of non-departmental public bodies. The level of satisfaction with the quality of training delivered by CAL is consistently high. Patricia Corbett is the director of HR services; we are both happy to answer your questions.

The Chairperson:

Is there any firm evidence that verifies the benefits of the value-for-money savings that have been achieved by each of the shared services, compared with what existed previously?

Mr Wickens:

For HR Connect alone, or for all the shared services?

The Chairperson:

For HR Connect.

Mr Wickens:

I am the senior benefits owner responsible for benefits across all the shared services, including HR Connect —

The Chairperson:

I am sorry; I meant across all the services.

Mr Wickens:

OK. I am responsible for those benefits that are measured at the NICS level; in other words, benefits across all the services. There are also a range of benefits that are measured at departmental levels. We have substantial evidence from all the services that we are achieving the benefits on that benefits realisation plan. I have a small team that is dedicated to managing, reporting on and monitoring that plan. We also assist the Departments in their responsibilities for the work that they do in defining their benefits targets and in measuring the evidence.

The Chairperson:

Does that include quantitative information on those benefits?

Mr Wickens:

Yes. We did not get to discuss that last week. For example, we achieved benefits of about £15 million for IT Assist and £7 million for Network NI. There are a number of substantial quantitative benefits that have been coming out. I am happy to provide more details of those.

The Chairperson:

Yes, that would be good. Thank you.

Ms Purvis:

There has been some criticism of HR Connect from the trade union side, as I am sure you are aware. One of those criticisms has been about the availability of third-party access and HR Connect's failure to devise a system to facilitate it. Has that been resolved?

Mr Wickens:

We were just handed a copy of a letter that the Committee has received from the Northern Ireland Public Service Alliance (NIPSA) on the way in to the meeting today. We have not had a chance to go through the details of that. We had a fruitful and productive meeting with senior NIPSA officials in the past couple of weeks, at which we discussed a number of issues. I also pointed out to them, and I reiterate here today, that I hold monthly escalated issues meetings with the managing director of the supplier that leads the contract for HR Connect. Third-party access is not one of the escalated issues; it is one of the more detailed issues that are managed.

Ms Patricia Corbett (Department of Finance and Personnel):

You are absolutely right. For some time, the trade unions have been requesting third-party access, whereby they would have the ability to ring up on behalf of an employee and go through whatever security questions are required to verify that they represent that employee. To introduce that access and to safeguard all our requirements, we need to define and review processes, procedures and system access, which is on our work-off plan to deal with programme completion, which is the smaller elements that we have not completed as part of the full service roll-out.

The plan includes a range of items that are scheduled to be completed by the end of March 2011, and we are committed to letting NIPSA know exactly when third-party access work is to be

scheduled, which will be sometime during the first week in November, after we have reviewed the detail of the plan for the last quarter of the year. Some of these things moved into the last quarter because of the major change work that we undertook over the last year to facilitate a number of pay awards and the payment of the equal pay lump sums, and, indeed, to bring the Department of Justice on to HR Connect. Substantial additional work has been absorbed; hence, other issues have moved out on the plan.

Ms Purvis:

The ability of staff to accrue holiday entitlement while on sick leave is another issue. I understand that corporate HR was to come up with an interim solution. What is that solution, and why was it not designed into the system at the beginning?

Ms Corbett:

It was not known about at the beginning. It is based on a European Court ruling that has an impact on annual leave entitlement for people who have had sick absence. We have been working with corporate HR, which is responsible for policy and for deciding which policies HR Connect will design delivery processes for, on an interim solution to apply that judgement. In doing so and in working with the contractor, who has brought to bear HR professional expertise and advice to guide us, we have been looking at the strategic picture and the wider implications of other judgements and rulings that may come forward. That complex piece of work has enabled us to try to future-proof any designs that we might put in to HR Connect. I admit that there has been a delay in resolving the interim arrangements to deal with annual leave accrual; however, looking at the wider picture, we feel that we can introduce a more robust solution that will future-proof other changes, and we are working closely with corporate HR on that.

Ms Purvis:

Are there difficulties with the data available for management information?

Ms Corbett:

Most of the management information reports on HR Connect are working very well and accurately. We are refining the data and the output from a couple of reports to ensure that they give the actual management information that clients and customers require. The data coming from them is accurate and robust. On the action plan that I referred to, there are some particular reports that we have still to fine-tune.

Ms Purvis:

Some of the problems that have been outlined by trade union side point to a personnel service that is not personal, which seems to be the problem with the system overall. Is that accurate?

Ms Corbett:

HR Connect provides a very good service to NICS. It provides a single point of contact where employees and line managers can get direct access by telephone to someone in the shared services organisation in order to resolve their query. They can pull information on all our HR policies and processes directly from the portal, and, to enable individuals to get what they need from the service, amazing support is available through e-learning, including user guides and help guides. There is a personal service, and there are various layers of expertise within the shared service team. If your question cannot be answered at the first point of contact, you will be referred to a specialist group in payroll, employee relations or absence management. It is also important to realise that the shared services centre team works closely with departmental HR teams, which are the decision-makers in employment issues for employees. I would say, therefore, that employees do have access to a good, personal service.

Mr Wickens:

The self-service HR system that we have in place — HR Connect — is very much the way the rest of the world has gone in providing an IT-based system. The way HR used to be provided in terms of personal service was that each Department had a large number of retained staff. People

were reliant on staff filling in forms and all the rest of it. That has now been replaced by the new system, but we are playing catch-up with the rest of the world. I used the same system in the private sector. The idea is to reduce the amount of cost in the retained side. I am sure that we will come back to that at some point.

Ms Corbett:

Every month we take an average of 10,000 calls through HR Connect. The issues are generally resolved at first point of contact or escalated. There is a process for monitoring and tracking those calls and their resolution.

Ms Purvis:

Can you elaborate on the reduced cost on the retained side? Obviously there has been a reduction in retained staff, so what have you saved and what benefits have you gained through that?

Mr Wickens:

I said that I was the benefits owner for those benefits at an NICS level, but it is up to each Department to realise the savings of the retained staff. The Committee has visited this on a number of occasions. Due to early teething problems going back some way, the level of retained staff was higher than was perhaps hoped or expected. With the system now bedding in and performing well, there is a big driver to look at the reduction of that retained staff. We are working with the Departments on those reductions, and I believe that the performance and efficiency delivery unit (PEDU) has also been engaged to work with some of the Departments to review the amount of retained HR staff — and retained finance staff for Account NI, as well. I cannot give you actual numbers today, as I do not have them to hand.

Ms Corbett:

I can elaborate on the improved ratio of HR staff to employees. When we first did the business

case that ratio was approximately 32:1; in 2009-2010 it was 64:1. We are just about to undertake a piece of benchmarking work using the Saratoga — the PricewaterhouseCoopers tool — to benchmark the HR service end to end, including HR Connect and the retained HR, looking at a number of key measures. That will provide us with benchmark data against the best in class and against our comparators — GB public sector organisations. For the first time that will give us a measure against the measure that we took in 2006. It will let us see across the whole service where we have improved and, more importantly, what areas we now need to focus on and put our energies into going forward.

Ms Purvis:

The Public Accounts Committee discussed an Audit Office report on the cost of the HR Connect contract and how it had increased from the original estimate. Have you projected further costs? How much will that have increased by the end of its life?

Mr Wickens:

In relation to the high-level figure, we are living within the tolerances of the full business case that was put together.

Ms Purvis:

Will you explain what “living within the tolerances” means?

Mr Wickens:

The business case contains a figure.

Ms Corbett:

Are you referring to the figures for the outline business case and the final business case? I think the figures were £385 million and £400 million. The reason for that was that the figure in the

outline business case did not take account of the fact that the contract would be let for 15 years. The full business case was actually a net saving of £27 million on the previous figure. It is also important to say that the benefit has been achieved in relation to a reduction in current cash running costs. We are operating within the HR figure of £26.5 million that we had at 2005-06 prices. Those are our operating costs today in 2009-2010, which represents a saving of between £1.5 million and £2 million when one reflects the inflationary savings that we have made.

Ms Purvis:

Obviously you will have to try to stick to that.

Ms Corbett:

Absolutely. The contract value is £185 million. We have agreed costs for that, and there are rates for payslips going through and for service charges against each year built into the contract charges.

Mr McKay:

The cost is obviously one of the primary concerns put forward by NIPSA in its paper. I understand that you have not got the detail of it yet, but can we get a full breakdown of what the projected spend will be over the 15 years and where the extra costs will come from, etc? Is that possible? I do not know if the Committee has got it before.

Ms Corbett:

Yes.

Mr McKay:

With regard to the efficiency concerns that have been outlined, a number of NIPSA's concerns

relate to employee relations cases taking longer to conclude than they did prior to HR Connect. Have you identified that problem, and has it been resolved?

Ms Corbett:

Yes, some problems have been identified with case management. We do not have any baseline data on how long it took or the number of those cases before HR Connect. Therefore, we are in the position of having new data. As with any new process, there have been some teething problems with bedding in the relationship management. Sensitive issues are being dealt with, and they involve employees, line managers, departmental HR in the role of the employer and the investigation carried out by HR professionals in the shared service centre.

There are also some process handoff issues and some recording details relating to the software. In order to resolve that, we put together a team of all the interested parties — departmental representation, corporate HR and the shared service centre team — and brought in an HR adviser to facilitate. We have concluded that work and agreed a range of actions with all parties that will improve and resolve the issues, some of which have been referred to. I wrote to NIPSA last week inviting it to join the group that will take forward the resolution of the actions that have been outlined by the case management team.

Mr McKay:

Can you explain paragraphs 8 and 10 of your paper? Paragraph 8 states:

“overall, the majority of service levels are being met each month with 52 out of 55 are consistently achieved”.

Which three are not being achieved? Paragraph 10 states:

“A number of programme deliverables and action plans remain to be completed”.

Can you outline what they are, or give us written details?

Mr Wickens:

We can talk about the details. However, the important thing is that we have got 52 out of 55, which was not the case a year ago. If you look at the measurement of those key performance indicators going back over 12 months, you will see a substantial improvement in all of them to the point where we have now got, consistently, 52 being met out of the 55. The most important is the payroll one, which is now at 99.9%. That seems like an abstract figure, but bear in mind that we do 32,000 payslips a month; that equates to about 32 inaccuracies. I know from talking to my colleagues in other shared service centres in GB that they are envious of that figure.

Ms Corbett:

Of the other three specific ones, one relates to the handoff of calls. We monitor the number of calls at the first point of contact, and we want to get a measure of how many are moved through to the second level that I described earlier. We do not have that measure yet, so we are working on that.

Another level relates to management information, which we have referred to, and one relates to a minor ICT incident earlier in the year. I have the figures from this month's report and, out of over 30,000 payslips for the last month reported, only 19 were inaccurate. That is an incredible improvement from where we were, and it shows a very settled, stabilised service. It indicates that employees are interacting well in getting the information into HR Connect and HR Connect in processing it and getting the result out.

Mr McKay:

My main concern is the staff's opinion of the processes and that they are dealt with adequately. The figures from the surveys carried out by Millward Brown and the Civil Service staff attitude survey last autumn are extremely poor. Only 16% of staff agreed with the statement:

“Overall, I am satisfied with HR Connect”.

I do not know the details of those surveys and whether staff gave specific reasons for their

dissatisfaction. Have you looked at that in detail? What surveys are forthcoming, so that we can get a tighter reading on how things have progressed?

Mr Wickens:

I am just glancing through the NIPSA letter. I believe that we provided evidence previously on some of those. However, I am happy to do that again. When I started, I said that my first year would be about improving the effectiveness of the services. We have proven that we are continuing to deliver across all the services. I am very aware of the Millward Brown and staff attitude surveys, and some specific comments have been made in those surveys.

I have appointed a head of customer experience in recognition that we have differing and varying levels of perception of customer experience across all the services that we provide. I want to try to get a consistency in all of those, so I have appointed a person who works directly for me to look at that whole space.

We have just kicked off another Northern Ireland Statistics and Research Agency (NISRA) survey to try to get a deeper level of evidence. What are the specific things that we have to do? Is that to do with the way that users access the systems? Is it to do with the way that we respond by using the systems? Is it the way in which we respond to and deal with users' queries, complaints, problems or issues? We are establishing a proper baseline. The problem was that some of the Millward Brown research and staff attitude stuff gave us more anecdotes than real, solid evidence. We are not ignoring those findings, but my key aim is to get a proper evidence base from which I can show a real and marked improvement. We have shown and will continue to see improvement. That is how we are going about it.

The Chairperson:

OK. A formal, written response for the Committee to some of the issues in the NIPSA paper

would be helpful.

Mr Wickens:

We will happily provide that as a follow-up.

Mr O'Loan:

We know about the historic issues around HR Connect and the Department's clawback from the contractor. You say that you signed an amendment agreement in March 2010. Can you tell us the broad substance of that agreement? Diathí McKay referred to your current level of consistency. You say that what I call the clawback from the contractor is down to 1%. I take it that the taking back of money is the final stage. Does that indicate greater significant underlying problems than the 1%? Finally, do you measure workforce satisfaction?

Mr Wickens:

Clawing money back as service credits is there almost as, dare I call it, a weapon of last resort. We aim to get a fully performing service.

Mr O'Loan:

That is the point that I am making.

Mr Wickens:

Yes. We are paying a full fee for a fully delivered service. On occasions in the past year, we have withheld money. We have visited that issue on previous occasions. That has got to a point of almost nothing, in fact. We are getting to the point of not really taking any service credits from the contractor, so we believe that we now have a performing contract.

Ms Corbett:

Essentially, the issues that surrounded that amendment agreement were caused by delays in the earlier stages of the programme. Those delays had run on for some considerable time and the contractor had submitted a number of compensation claims. The authority had challenged the contractor's interpretation of some of the contract's provisions that were designed to protect us. We had a disagreement on that. Therefore, although the Department and the authority continued to consistently and robustly defend its position against claims from the contractor, we were also determined to resolve those and move forward with the delivery of the service.

In seeking a satisfactory resolution, we were mindful that that contractual relationship was for 15 years, that we had delivered significant success in many of its elements, and that we did not want these issues to drag it down. In reaching agreement, we sought to build and repair the relationship with the contractor to achieve service improvements that we knew we needed to have. We also wanted to protect against a lengthy and potentially very costly legal dispute, with the potential, in the event of arbitration, of blame being apportioned to the authority.

The agreement has placed both parties in a much better position for moving forward in terms of relationships and behaviours. It has cemented the strategic partnership and moved us from a place of project development and resolution on many issues into collaboration and the delivery of a high-quality service. It has allowed us to capture and to seek improvements as part of that plan that I referred to earlier, and to put more effort into improving access for employees and the reputation of HR Connect. The agreement involves a number of commercially sensitive elements that I can share in writing with the Committee, if required.

Mr O'Loan:

Did the Department have to pay extra for that agreement?

Ms Corbett:

No; the way that it is worked through is within the tolerance of the business case.

Mr O'Loan:

Do you measure workforce satisfaction?

Mr Wickens:

We measure workforce satisfaction. We had the Department's survey, and we will be measuring it through the new NISRA survey that I just mentioned. It is not just about customer satisfaction; it is about the underlying reasons why customers are, or are not, satisfied.

Mr O'Loan:

Moving on to Account NI, paragraph 14 of your submission —

The Chairperson:

Sorry, Declan. Account NI is in the next session, so you may want to leave it. Other witnesses are coming in to talk about Account NI.

Mr O'Loan:

OK.

Mr McQuillan:

I wanted to ask you about value for money, but you have answered my question. HR Connect has improved vastly in the few months since you were last here. That is shown in your figures and by the fact that the amount of complaints that we get has fallen vastly. Indeed, no one has phoned me about HR Connect in the last two months at least, which is really pleasing. You receive

roughly 10,000 calls a month; what is the flavour of those?

Ms Corbett:

The calls are wide-ranging, and I can give you a breakdown of them. They can be anything from an employee ringing up to ask to have a policy interpreted; about where they might find information; for help with e-learning guides; for an explanation of their payslip; or about recruitment. It is a complete cross-section, and we do segment it. We can share it with you.

Mr Wickens:

We have got the segmentation. I would like to reduce it, because that would potentially reduce the cost to the contractor. Some benefit may also come back to us if we can help to reduce the cost. I would like the number to come down once it has been stabilised a bit more.

Mr McQuillan:

How do you plan to do that?

Mr Wickens:

We know that there are areas in which we could use more e-forms rather than manual processes in which people have to intervene. We want to get to the point of being able to do that, and we have some ideas in mind.

Mr McLaughlin:

There are two conflicting evidence trails in respect of the contemporaneous arrangements. I have no grounds at all on which to challenge the evidence that you gave about improved delivery on the service level agreements. Of course, I welcome that improvement, given the initial hiccups; I give credit where it is due. However, the persistent dissatisfaction and hostility among your

customers should worry any enterprise, whether in the public sector or the private sector. It is very significant, and, in some instances, the situation is worsening.

I accept the dynamics of change management and the resistance to change. However, you referred to the absence of an evidential base or benchmark against which we can measure whether we are getting value for money or a better service. Are we expected to believe that there is no evidence anywhere on the management or staff side that we could compile as a robust benchmark? I support this departure in principle; we have to move forward and take account of new techniques, ICT and all of that. However, I find it incredible that anyone would take this step without ensuring that they were going to be able to demonstrate that it has a better way of doing things by taking the then current practices and using them as a benchmark for improved delivery, better value for money and so on.

Mr Wickens:

The key thing to get a good measure of — and we have a baseline — is the number of retained staff. We referred to that earlier. At this point, we are not able to say how many were there at the start, how many are there today and how many we can take out of the system. That is why I am working with the Departments to —

Mr McLaughlin:

You have reduced the ratio by a factor of two; fair enough. However, that does not answer my question. Reducing the numbers of retained staff does not necessarily mean that you are improving the service. That may be the case, but I want to know how you are going to prove it.

Mr Wickens:

That is very much in reducing costs and creating value for money. On the other side, the customer —

Mr McLaughlin:

Sorry, but reducing costs does not always mean value for money. We have found that over and over again. You could spend less money and give less service.

Mr Wickens:

We believe that the direction of travel will provide a better service moving forward. I have already referred to the actions that we have put in place in the area of customer satisfaction.

Mr McLaughlin:

Do you understand my question or are you avoiding it? How can we demonstrate better value for money in what we are doing now compared to what we did then if you have not taken care or established a robust and evidence-based benchmark?

Ms Corbett:

The way that we are dealing with it through the full business case is the way that I would demonstrate it. It sets out how we deliver the service within the affordability envelope that I referred to earlier, and it includes benefit plans that refer to some of the baseline measures that were in place then. For example, there was a requirement and a benefit to have a single source of data on individuals and the organisations. When we did the original baseline, HR data on staff was held on over 52 systems across the NICS and there was no single truth. That is one example of a measure. We integrated all of that information from the various systems to one platform and made it accessible and able to report through one source to confirm the validity and robustness of the data. There was also a benefit for an increased use of electronic data to remove some of the transactional and administrative processes. The other benefits include things like the self-service system, the electronic workflow and the opportunity to deliver HR messages across the NICS using one consistent forum and process — our HR portal.

We are currently in the process of mapping those benefits to report back to the supply division

of the Department on how we have delivered against the business case. That will be done as part of our sign-off on the project and completion of gateway 5. That is scheduled for mid-2011, when all the project work will be finished.

Mr McLaughlin:

Is that the next review?

Ms Corbett:

Yes. I hope that goes some way to answering your question.

Mr McLaughlin:

I can see that people at a departmental level will be interested in that report. However, how will you address the very low level of satisfaction among customers? Perception is everything, and the customers do not think that they are getting a better service.

Ms Corbett:

I cannot comment on what the level of satisfaction is today. The measures you referred to were taken over a year ago and, at that time, we were not in a good place with HR Connect. There were many serious issues with people not being paid accurately and not being responded to promptly. Indeed, the number of complaints received then was in four figures in a month, while we are now down to fewer than 70 complaints in a month. The service deserved the reputation and kickback that it got, but we have moved considerably from that place.

I am very interested in what the new survey results will be. I do not expect them to be high, because it will take some time for the change and transformation that has been introduced and the new way of working to be imbedded, accepted and to become commonplace. Those results will

allow us to understand exactly what the issues are for employees and line managers, and to take more targeted action in how we improve that experience across the piece.

Mr McLaughlin:

The next gateway review will be in mid-2011. When will we have the outcome of that? Will it be this time next year?

Ms Corbett:

Absolutely; before that, possibly.

Mr Wickens:

To ensure our own accountability, I have restructured the governance in Enterprise Shared Services. We have a strategy board that is chaired by a separate permanent secretary. Seven grade 3s also sit on that board, and it acts as an advisory board to me so that I can give proper assurance to my permanent secretary. Beneath that board, the three areas of HR, finance and IT services are covered. Within HR, which is what we are talking about this morning, a programme board looks specifically at the completion plan that has still to be done.

Each of the Departments is represented on that board, which I chair. It is very much through that forum — through the HR directors to the individual user groups that are beneath them — that we have access to make sure that we try to do the right things in the right areas. We have a number of different groups that allow us to focus on each of the functional areas of the HR Connect system.

The Chairperson:

It would be useful, Patricia, if some of the detail that you talked about to Mitchel was set out in a

paper.

Ms Corbett:

Certainly.

The Chairperson:

That is the end of the session.