Committee for Finance and Personnel

OFFICIAL REPORT
(Hansard)

NICS Human Resources Shared Services: DFP Briefing

5 March 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Daithí McKay (Chairperson)
Ms Michaela Boyle
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir

Witnesses:
Mr Colm Doran   Department of Finance and Personnel
Mr Paul Wickens   Department of Finance and Personnel

The Chairperson: I welcome the officials to the Committee. They are Paul Wickens, chief executive of Enterprise Shared Services (ESS), and Colm Doran, director of HR shared services, also in ESS. Do you want to start by speaking briefly on the response you provided to the Assembly research paper and explaining the lessons learnt in projecting and reporting benefits from shared services and how they are now being put into practice?

Mr Paul Wickens (Department of Finance and Personnel): I will make a short opening statement and then perhaps pick up on that. Thank you for the opportunity to come along this morning. HR Connect was the main deliverable from what was known as the eHR programme, which was commissioned by the Department of Finance and Personnel (DFP) to replace a life-expiring payroll system and ageing non-integrated HR systems. It was less than six years from contract signature to programme completion in late 2011. It concluded with all of the intended services going into live operation. It is probably worth recalling that the previous effort to replace the payroll system alone, a much less ambitious objective, was cancelled after about 10 years with no result.

Having personally led the final phase of implementation, I am aware that the programme was not without its challenges. With the benefit of hindsight, of course, there will be lessons for the Department, including some of those highlighted in the report; for example, establishing better baselines or benchmarks to support decision-making on investing in new solutions and managing and improving them afterwards.

It is also worth stressing that the eHR programme, by any objective standard, has been successful. Against a background of seemingly endless reports of GB government projects being cancelled,

delayed or over budget, eHR is now a significant success story for the Northern Ireland public sector. That is not merely my opinion; it is underlined by the independent and rigorous gateway review 5. It is also the view expressed by delegations from GB and Ireland who have come to Belfast seeking to share our experience, including Her Majesty's Revenue and Customs (HMRC), the Department for International Development in Whitehall and, more recently, the Department of Public Expenditure and Reform in Dublin.

So, we accept that points made in the report. Our response has been that in some areas, such as baselines, benefits and definitions, we probably could have done better. I am quite happy to be probed on some of those points.

The Chairperson: Although the increase was 3·8% and the overall cost for HR Connect remained within the tolerance of the business case, how was the additional £17 million spend funded and why was that not communicated to the Committee at the time? I refer to the table on page 125 of members' packs.

Mr Wickens: The original outline business case was, I think, for £328 million over 10 years. By the time it got to full business case, looking at affordability and value for money, that amount had increased to £465 million over 15 years. We are now looking at a projected cost of £483 million, which I think was the figure the last time we reviewed the business case. If I have done my sums correctly, that is only around 3% or 4% above the original figure. We are allowed up to 10% tolerance under DFP Supply guidelines before we would need to take any, if you like, extraordinary action. So, we are actually significantly within the tolerance levels allowed.

Also, within that, the actual contract costs reduced from £185 million to £177 million. That came about as a result of a couple of major contractual renegotiations prior to the full going live of the system.

The Chairperson: So, you are saying that that is within tolerance levels?

Mr Wickens: We believe that it is, yes.

The Chairperson: Is that acceptable?

Mr Wickens: For any project, you will have an estimate, which is effectively what it is. To get within 10% of an estimate is fairly good. To get within 5% is, I would say, extremely good. We are within 5%. We will review the full business case again this year. It is an ongoing thing that you do every couple of years. These figures are now a couple of years out of date, and it will be interesting to see what comes up when we review it again. I think that the Committee will need to be apprised of that when we come to that point.

The Chairperson: What kind of factors result in costs going up even if it is just by 4% or 5%?

Mr Wickens: If you break the actual contract down into its constituent parts, the cost that we have with our private-sector partner has stayed absolutely stable. We manage that rigorously, and where service-level agreements (SLA) are not met, we actually take abatements, although the amounts are very small. I am sure that you might want to ask us about that. So, the contracted external costs have not changed at all. They have actually gone down from the original estimate. Where costs can rise on the retained side of departmental HR, there could be some variation in the way in which models are being implemented. That is something that we will be pushing at over the next year. I will talk a bit more about that in a few moments as well. That is probably where the biggest change could arise. We need to establish evidence to really understand where that is happening. Is there consistency or inconsistency across Departments with regard to the retained HR models? Have they got more or fewer people than they were obliged to have, if you like, at the very start of the programme? I am sure that some changes have occurred over the years on that.

Mr McQuillan: You said that you are within 10% of the target. How do you benchmark that? Is it just benchmarked off the target?

Mr Wickens: We measure progress on the overall target purely against that target. Benchmarking is interesting in its own right, and I will go into something that I was going to discuss later. We have recently established a programme called ESS 2020. I think that I have talked to the Committee a little bit about that previously. It is, if you like, the strategic direction in which we are going with regard to

our shared services. We have actually kicked off with stage one of ESS 2020. In fact, Colm has responsibility for that. A grade 6 will be starting in the next couple of weeks and will work to Colm to head up stage one. There are three distinct elements to stage one. There is benchmarking, and we will talk a bit about that. There is also improving the service and improving the customer experience.

With regard to benchmarking, we have done a significant amount of work to establish what we will measure and how we will measure it. Off the back of a recent PAC meeting on value for money for Account NI — and we know the difficulties that there are, particularly on the cost side — we will be very careful how we measure and benchmark across all our services. We want a more robust and consistent approach to benchmarking. We believe that we now have a platform in place to do that. We will probably bring in an outside organisation with expertise and with a big database of organisations that we can benchmark against. Then, we will try to work out the "apples and apples" comparisons, which is where the real difficulties are.

The business case is easier to assess because it is measured against the costs as defined. There are many other aspects, such as how we measure against the cost of HR per employee and things like that, for which we need to have an external comparator.

Mr McQuillan: That was one thing that let this project down a wee bit. There was nothing to benchmark it against or compare like with like. Hopefully, we will hear from you on that in the future.

Mr Colm Doran (Department of Finance and Personnel): It also has to be remembered that prior to the implementation of HR Connect and the eHR programme, HR functions were being carried out across the Departments. There was not a consistent model or indeed consistent application of policy etc, and it would have been difficult to set benchmarks at the outset of the programme. It will be easier now if we can identify the right benchmarks to set.

The Chairperson: On page 125, you also refer to a further review of costs against the full business case. That is due to be completed during the current financial year. What, if anything, has that review found at this stage? Can the Committee get details of that?

Mr Doran: The work to review the full business case has not actually taken place yet. It is something that I have on my agenda to undertake in the coming months. We will keep the Committee up to date with the outcome of that work.

The Chairperson: It says that it will be completed in the current financial year. Should it not be completed by the end of this month?

Mr Doran: I think that it is unlikely to be completed by the end of this month. It is certainly a priority to get it completed as soon as we can in the new financial year.

The Chairperson: Roughly, before the summer?

Mr Doran: As Paul said, we are bringing someone in to lead the ESS 2020 programme. I expect that that person could do some work to review the existing HR Connect business case.

The Chairperson: With regard to the areas of customer dissatisfaction that was reported in 2010-11, what were the results of the 2012-13 survey? What specific improvement measures are included in the service improvement plan?

Mr Wickens: The way we have been measuring customer satisfaction has proven to be somewhat unsatisfactory. Staff surveys in the past that have been referred to have given us some very low scores on shared services, particularly on HR Connect. We have driven that more into a specific customer satisfaction survey. We have then driven that even further.

Under ESS 2020, we are launching the third strand of stage one, which is to look at how we manage and measure the customer experience. I will give you a real example of that. For IT Assist, on a monthly basis for the past two or three years, we have sent out an email to a sample of people who have actually used the service in the past month. We ask them a few short questions to get their opinion. Other surveys tended to send a mailshot to everybody asking a fairly generic set of questions. A lot of anecdotes were coming through. It was not solid evidence. We have now developed and defined a survey. We have worked with NISRA on it to allow us to get a statistically

relevant sample each month for all of our services. So, if I am a user of HR Connect, I may get an email this month asking what I have used and my experience of using it. That will allow us to measure on a much tighter basis. We have recognised that we did not measure it terribly well and that we need to do it better. Nevertheless, we have worked on the key areas, where we have been getting focus groups, staff groups, areas complaints working on it as well.

Mr Doran: From a HR Connect perspective, this will give us a much richer sense of customer satisfaction levels, because we will be asking specific service users of HR Connect in that month about elements of the service they have actually used. That will allow us to build up trend information on general customer satisfaction rates and, helpfully, allow us to identify areas in which we really need to focus to improve customer satisfaction.

Additionally, as part of the review of SLAs for HR Connect, which we can touch on later, we have also introduced some customer satisfaction measures on which we will hold the contractor accountable. These were not in the original set of metrics for SLAs but will now be included. So, again, we are working on this on a number of fronts. As part of ESS 2020, we are keen to improve the customer experience not only for HR Connect but for all ESS services.

Mr Wickens: Perhaps, I could add one more bit. An actual score in customer satisfaction tells us something that is useful in itself. What is more useful is then saying what we will do about it. Driving into the areas that we have identified, we have been working on four main areas over the past year. The first is performance management. That has been very much to feed into the new people strategy. I am not sure whether the Committee has been fully briefed on the new people strategy coming out of Corporate HR (CHR). If you look at how we will engage with staff, you will see that there are certain things that we need to do a little bit better. One is the performance-management aspect; how to do performance management online. We have worked a lot at streamlining the process, the screens, the instructions and the available support. We are now working hard at corporate DFP level to see how we can ensure that people actually use the system. Now, we have one good single version of the truth with regard to information, we know that not enough people are actually putting performance reviews on to the system at the end of the year or mid-year. So, at the moment, there is a major drive through the people strategy to improve that.

The second is one that we have probably joked about a little bit with you previously. It is how to record leave and absence. You will remember the infamous, "How do you book a half day's leave in HR Connect?" and our getting the award from the Plain English Campaign for that one. Perhaps, it was not the best-crafted piece of advice in the world. We have worked on it a lot to make it simpler to use that aspect of the system. So, we have listened to what users have told us on that one.

We have developed a new portal, which is effectively a new web-based front end that allows people to access things such as the employee handbook online without actually having to log into the system itself. You can then log directly into the self-service part of HR Connect from that portal. That has been very well received because people can do searches and can look at recent news and job opportunities through that. So, that has been a major piece of work that has received some very good plaudits.

The fourth one relates to the customer service aspects of the shared service centre — so, if you like, the part of it that has been outsourced. We have worked very hard with Fujitsu and Capita to ensure that they are doing the right things with regard to staff awareness, training, support, customer care, call handling and all of those things. We believe that we have seen good improvement in that. One of the good tests of that is that the number of complaints has been going down across those areas. So, by focusing on the areas that people tell us about, we actually can make a difference and then listen and apply those changes going forward.

Mr Doran: We ran a series of very constructive workshops across all Departments with staff in ordinary offices and departmental HR colleagues. That provided us with a source of information that we have now developed into a service improvement plan. So, a number of further improvements will be taken forward as part of that service improvement plan over the coming year.

Just to elaborate on some of Paul's comments on the half day's leave, which I know was the butt of some jokes, we advertised that on the portal and as part of the new bulletin produced by CHR, 'XpressHR'. The new revised advice on booking a half-day's annual leave was very well received. The upgrade to the actual technical infrastructure and the portal has also allowed additional

functionality for users who can add favourites to their home pages so that they can more easily access the functions they use most often, such as booking leave and recording absence etc.

The Chairperson: OK. Members, any questions? You are happy enough.

Mr Mitchel McLaughlin: Ecstatic. *[Laughter.]* At the start of the project, there was an issue about the copyright of the software. Has that been addressed?

Mr Wickens: I believe that we own the intellectual property rights of the bits that we have changed. We bought an off-the-shelf system. It is an Oracle-based system, and we have customised it fairly heavily. Where we have customised it, we own the IPR for the processes and changes.

Mr Mitchel McLaughlin: OK. Thank you.

The Chairperson: Colm and Paul, thank you both very much.