Cheshire West and Chester

Cheshire East Council

Shared Services Joint Committee
Friday, 23 September 2016

Additional Papers

PART A – Open to the public

5 Relocation of the Cheshire Archive (Pages 3 - 16)

To consider the report of the Director of Finance, Cheshire West and Chester and the Chief Operating Officer, Cheshire East

7 Finance and HR System Replacement Programme (Pages 17 - 22)

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8 ICT Service - Transition Update (Pages 23 - 32)

Chief Information Officer/Head of ICT Services, Cheshire East Council

9 Transactional Service Centre (Pages 33 - 82)

Corporate Manager (Transactional Finance), Cheshire West and Chester Council

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Date of Publication: 16 September 2016

CHESHIRE EAST COUNCIL
CHESHIRE WEST AND CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	**23 September 2016**
Report of:	**Cheshire East – Chief Operating Officer**
	Cheshire West and Chester – Director of Resources
Subject/Title:	**Relocation of the Cheshire Archive**

1.0 Report Summary

1.1 This report provides a summary of the current position with regard to the Archives relocation proposal and recommends a way forward.

2.0 Decision Requested

2.1 To endorse the proposals as set out in Section 10 of the report.

2.2 To endorse the governance arrangements for this project as outlined in Section 11 of the report.

2.3 To agree the next steps and principles behind the brief for the next piece of work.

3.0 Reasons for Recommendations

3.1 The need to find a replacement facility for the current Record Office in Duke Street, Chester, has been recognised by elected members from both authorities and is a key recommendation arising from the National Archives Accreditation report from November 2015.

3.2 Since 2012 work has been carried out on building a detailed understanding of the requirements and potential costs of an archive facility, but it is important to note that this facility, while important in its own right for access to and preservation of Cheshire's archival heritage, is the base for a service which engages a wider range of people than visitors to the Record Office, through outreach programmes, access in libraries and online. This project is about that wider engagement with people, bringing the collections closer to them.

3.3 In order to progress this project, both authorities need to agree a shared vision for the service and agree the next steps. For Accreditation purposes, the service will need to report on positive progress towards securing better accommodation in Autumn 2017.

4.0 Wards Affected

4.1 This report relates to Shared Services that operate across both CE and CWAC so all wards are affected in both Councils.

5.0 Local Ward Members

5.1 Not applicable.

6.0 Policy Implications including

6.1 None.

7.0 Financial Implications

7.1 Costs for this service are shared equally between Cheshire East Council and Cheshire West and Chester Council. To ensure that this project is able to progress to the next stage, both Councils have secured budget for the current financial year in order to deliver the next stage of the project. The assumption at this stage is that the proposal in this paper is funded on a 50:50 basis.

7.2 The service will submit an application to the Heritage Lottery Fund (HLF) in order to propose a business case for transforming the service and request additional financial support from the HLF to enable this. At the point of submitting the external funding bid, match funding from the Councils will need to be confirmed. It is currently anticipated that this will be in the region of £4.2 M from each authority, notwithstanding any significant changes, in addition to the capital receipt from the sale of the current Record Office in Duke Street, Chester

7.3 Any proposals that result from this project would still be subject to development of detailed business cases, relevant approvals and normal capital procedures for each authority.

7.4 It is likely that the revenue costs associated with the recommended option will increase. The costs of operating two sites will be established as part of the business plan.

8.0 Legal Implications

8.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which authorities will work together. Shared Service Agreements set out the mechanisms by which individual Shared Services operate.

8.2 It is likely that, as the project progresses, decision-making procedures and the legal frameworks currently in place will need to be reviewed in order to ensure that appropriate, robust arrangements are in place for a project of this nature and scale.

9.0 Risk Management

9.1 Changing and diverging client requirements can make it more difficult for Shared Services to provide an equitable response and therefore periodic review of the sharing arrangements are required to ensure that they remain viable for all parties.

9.2 The capital bidding processes of each council will need to be coordinated, so as to ensure the parallel progress of the Archives accommodation project through both councils and to reduce duplication of effort.

9.3 Successful delivery of this project will require external funding. Formal discussions with the HLF will begin this Autumn, as noted in the project timetable (Appendix 1), to ensure that officers have a good understanding of the HLF's requirements and reduce the risk of failure to secure external funding.

10.0 The recommended way forward for Cheshire Archives and Local Studies

10.1 As reported in January 2016, the service has worked with stakeholders, customers and staff to develop a strong, ambitious vision. In January members also recommended that two service delivery models were subject to further analysis:

a) 1 main base, with access and a combination of onsite and offsite storage, with satellite access points across the two Boroughs
b) 2 bases, with access and a combination of onsite and offsite storage, with a number of satellite of access points across the two Boroughs

10.2 This further analysis was undertaken in February 2016 by an external consultant. Discussions were held with staff, customers, stakeholders (including the owners/depositors of the archives), Heritage Lottery Fund and The National Archives. This options appraisal looked at a wide range of factors, as agreed by members in January. A weighted scoring was applied to these criteria, with consultees scoring Option a) 78.25 and Option b) 64.83 overall. Both options are able to secure the long term preservation of the archives and deliver the service's vision, although option a) was considered at the time to be the most cost-effective in terms of revenue and capital outlay.

10.3 Public consultation in 2014 revealed that a higher proportion of existing users people favour a Chester home for the service and indeed this could also attract a new audience to the service. The consultation also revealed, however, that the location with most potential to attract a new audience was Crewe.

10.4 In order to now progress this project, the two authorities need to agree a way forward.

10.5 The single site option has been discussed and debated on a number of occasions. While it is potentially the most efficient logistically and favoured by

existing users, it presents challenges and may not generate new users. It is relatively easy to visualise the nature of service provision that this would offer although a significant issue would remain in site selection.

10.6 This paper recommends a way forward, based on the two centre solution. This is the result of extensive discussions between members and officers in both authorities, taking account of the result of previous consultation and options analysis work carried out as described above. As a result of this it has been agreed that Chester and Crewe should be the focus of a proposal which will support the delivery of the vision for the service as a preferred option subject to the development of a detailed business case.

The proposal

10.7 It is proposed that two 'History Centres' would be created, offering an alternative to a single site solution. The two facilities would be focussed on those elements of the archive and local studies collections with direct relevance to the place that are valued by service users and/or are used most frequently, and would provide direct access to part of the collections. Each centre would have staff to support public access through supervised, hands-on access to the collections, exhibitions and events and a volunteer programme.

10.8 A History Centre would be created in Chester. It would house the bulk of the archive, facilitating storage, conservation and research needs in one place. The case for this to be in Chester takes account of the city's long standing relationship with the delivery of the service and taking account of feedback from existing users in the 2014 consultation. It is a natural, logical home for the service given the city's long history as the seat of county government. The centre would be an access point for people to research, view exhibitions connected to the history of the county and its people and attend events and workshops. It would be the base for most staff and volunteers together with specialist functions such as digitisation and conservation. It would also be the home of the county-wide Local Studies collection.

10.9 In addition, a History Centre would be based in Crewe. The centre would reflect the story of Crewe and its locality. This centre would have a programme of curated exhibitions of archives, a large special collection (including Local Studies material relating to the East of the county), digital access through a bespoke digitisation programme, local newspapers and photographs, occasional, supervised, access to archives from the other centre for community projects and space for staff and volunteers.

10.10 The Crewe centre would provide a home for the Family History Society of Cheshire, which has a long-standing relationship with the Archives service and is seeking new premises. This would give access to the Society's collection of copies of genealogical material and to their expert knowledge. The History Centre in Crewe would also store and give access to railway/engineering company archives for research purposes. The railway archives held by the service are extensive and Crewe is unique in Cheshire in

there being archives which relate to an activity which so define a particular place and which activity was instrumental in the creation of that place. Placing them in Crewe would increase the use of these archives and complement the proposal to create permanent and temporary exhibitions, space for workshops and activities, etc. The railway company archives could sit alongside the LNWR Society's own (community) archive and a range of activities for schools, for example, could be run around the history of Crewe.

10.11 Both centres would provide digital access to family and local history, access to film and sound archives, have facilities to support community history projects including space for their collections, space for public art, performance and digital installations which tie the service closely to the wider cultural offer in that area. Each centre would also have space for talks, events and activities such as workshops with schools.

10.12 In addition, a key part of the future service delivery model are satellite access points which would be a development of the service's current presence in libraries across both boroughs.

10.13 All of the above would be underpinned by:

- A community engagement programme to bring the service and the collections to the wider community and to support community archives
- Audience development work to engage a wider range of residents across the sub-region.
- A long term digitisation programme to enhance digital access over the next 10-20 years. The service has digitised about 6.5% of its collections over the past 10 years; the national average for local authority services is under 3%.

All of these aspects of service delivery are fundamental in successfully delivering the vision for the service.

Practical considerations of a two-centre approach

10.14 All archives would remain as part of one Cheshire archive.

10.15 This option assumes that offsite storage for less frequently used archives would be retained, as is currently the situation.

10.16 The proposal may present some operational issues in so far as researchers will find that, once they have used the archives available at one history centre, they may need to access archives held at the other. In these cases the researcher would either need to travel to the other facility, request digital copies or ask for research to be carried out on their behalf. The latter two would be chargeable services.

10.17 Archives would not normally be transferred between one centre and the other, except as part of a longer term project or exhibition, as this increases the complexity of service delivery with consequent added costs and adds

significantly to the potential for damage to the archives themselves through increased transportation and handling.

10.18 A clear rationale behind the choice and placing of archives in each history centre will also need to be defined, though the principles outlined here are based on relevance to place and audience. It will also need to be communicated clearly to support the operation of the service and the delivery of a high quality customer service that provides 'easy access to history'.

10.19 The creation of a History Centre in Crewe could be linked to the current proposals for the future development of the town centre, if the timing of the proposals can be linked, potentially funded through a public/private partnership. This could be as part of a mixed use development rather than consideration of a stand-alone facility. That way there may be potential to share operational efficiencies with other services if their scale allows these to be co-located. The financing arrangements would therefore need to be reconsidered in the light of such an opportunity should it exist. This would be considered as part of the next phase of work.

10.20 Digitisation work is ongoing within current capacity, but new premises would give the service the opportunity to build digitisation into the service, both in terms of staff, equipment and ICT infrastructure. While digitisation is an important component of a new approach to making the archive accessible it must be acknowledged that it is not a simple or quick solution; and some parts of the archive are unlikely ever to be digitised.

11 Next steps

11.1 A project team will be established to ensure that this proposal progresses as required. Terms of reference for this are in Appendix 2.

11.2 A Project Inquiry will be submitted to the Heritage Lottery Fund in October 2016.

11.3 Funding has been secured from both authorities to support the development of a Round 1 funding bid to HLF. This will be required to secure the services of specialists who will prepare key evidence for the funding bid to the standard required by HLF (e.g. architectural work). It is anticipated that a Round 1 bid will be submitted in mid-2017.

11.4 The next stage will be to establish briefs for the work that needs to be carried out in order to progress this proposal. This will entail the

- confirmation of site specification and availability, in line with the vision for the service.
- Confirmation of any internal and external partnerships and co-location potential.
- Establishment of a future business model including capital and revenue funding.

- Securing of specialists who will prepare key evidence for the funding bid to HLF (e.g. architectural work).
- Securing of support for the writing of the bid itself.

A range of teams from within both authorities will need to be involved in this process. It is anticipated that support will required from Procurement, Legal, Assets/Property, Regeneration/Locality teams, Library teams, ICT, and Finance.

11.5 A key part of the development of the Round 1 bid will be extensive public consultation. Permission to run this consultation, which will be as wide-reaching as possible in order to inform plans to reach a wider audience for the service, will be sought once the steps in 11.4 above have been completed.

11.6 At the time when a Round 1 bid is submitted to HLF, the match funding from the Councils will need to be confirmed. It is currently anticipated that this will be in the region of £4.2 M from each authority not withstanding any significant changes. The capital receipt from the sale of the Record Office, which is jointly owned by the two Councils, is in addition to this. Subject to the approval by Shared Services Joint Committee to progress this proposal and then subject to approval of the business case, the relevant approvals will be sought through the Councils' respective processes for the capital investment required.

12 Are there any other options

12.1 The proposal to fund a replacement for a new archives facility has been discussed for some time. At a workshop in Autumn 2014, confirmed by Joint Committee in January 2015, members discounted bringing the current facility up to the required standard on the grounds that this would not address the fundamental restrictions of the building and the benefits would be limited. The costs (est £8 million) and disruption to service delivery would be significant.

12.2 If nothing is done, the service is very likely to lose Accredited Status, meaning that the service would not be able to secure external funding from funders such as the Heritage Lottery Fund. The service would lose 'Place of Deposit' status from The National Archives, meaning that ultimately public records (the records of central government departments and organisations such as courts and hospitals) can be removed from the service, at the Councils' expense, with the cost of storage and access arrangements also falling on the Councils. This would incur a significant annual financial liability, be damaging to the reputation of the Councils which in turn would increase the possibility of privately-owned archives being taken away from the service and would remove local access to a key part of Cheshire's written history.

13.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writers.

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Background Documents:
Documents are available for inspection at:
Cheshire West and Chester Democratic Services
HQ, 58 Nicholas Street
Chester
CH1 2NP

APPENDIX 1

ARCHIVES RELOCATION PROJECT GOVERNANCE

Terms of Reference

Document Purpose

This document sets out a proposed approach for a Project Board for the Archives Relocation project.

It describes:

- the purpose of the Archives Relocation project; and
- the group's role, responsibilities and membership

Purpose & Scope:

To deliver alternative premises for the Archives Shared Service based on the outcomes of work already undertaken and recommendations already agreed by the Joint Committee i.e.

- Specification of service and site
- Identification of suitable sites
- Public consultation on locations
- Vision development

The project will consist of two phases:

Phase 1 – Develop proposals and secure funding
Phase 2 – Implementation and build

Initially the focus will be on Phase 1 and therefore the Terms of Reference are tailored to achieve this objective. As work progresses the Terms of Reference will be reviewed to ensure that the Project Team has the appropriate skills and knowledge to deliver the required outcomes.

Responsibilities:

- To develop a programme of work for the delivery of two new "front doors" to improve public access to the Cheshire Archive, provide for the future growth of collections and to satisfy requirements to maintain Accredited Archives Status.
- To identify need for specialist internal and external support, specify requirements and plan work packages to ensure deployment at an appropriate stage of the project to ensure cost effective deployment
- To develop IT and Web technologies to bring collections closer to people

- To establish a network of local heritage hubs
- To establish a fully costed delivery plan including the preparation and submission of internal and external bids to secure sufficient funding to cover the costs associated with the delivery of the project
- To develop a business strategy focused on securing sufficient funding to sustain the new service delivery model and increasing potential revenue streams
- To provide a bi-monthly reports to the Project Board
- To prepare reports for the Joint Committee to progress key decisions

Objectives

- To deliver alternative premises for the Cheshire Archive currently located in Duke Street Chester
- To provide a physical presence for Archives Services in both Cheshire East (Crewe) and Cheshire West (Chester)
- To increase accessibility to the Cheshire Archives through a variety of means (physical and technological)
- To provide a strategy for accommodating growth in the Archive up until 2050?
- To increase income generation via the identifying and implementing of new funding streams.

PROJECT GOVERNANCE

Project Group Membership:

The composition of the Archives Relocation project team will be made up of the following:

Paul Newman	Project Manager: Archives and Local Studies Shared Service Manager
Helen Paton	Client Manager: Cheshire East Council
Mike Dix	Client Manager: Cheshire West and Chester Council
TBC	Project Support

NB: Legal, Finance, Property Management and HR membership to be determined (given the shared nature of the project it is likely that dual representation will be required i.e. from each authority).

Project Board – Role: Direction and resolution of strategic issues

Councillor David Brown	Cheshire East Council
Councillor Louise Gittins	Cheshire West and Chester Council
Brendan Flanagan	Senior Responsible Officer and Joint Chair (Cheshire East Council)
Alison Knight	Senior Responsible Officer and Joint Chair (CWaC)
Paul Newman	Project Manager: Archives and Local Studies Shared Service Manager

Joint Officer Board

Pete Bates (Dominic Oakeshott)	Section 151, Cheshire East
Mark Wynn (Claire Jones)	Section 151, Cheshire west and Chester
Suzanne Antrobus	Legal Services, Cheshire East
Karen McIlwaine	Legal Services Cheshire West and Chester

Joint Committee – Role: Decision Making

Councillor David Brown	Cheshire East Council
Councillor Peter Groves	
Councillor Paul Findlow	
Councillor Louise Gittins	Cheshire West and Chester Council
Councillor David Armstrong	
Councillor Paul Donovan	

- Associate members will be invited to attend depending on agenda/priorities.

- The Project Board will meet on a bi-monthly basis. The frequency of the meeting may vary depending on volume of work to be completed. This is likely to be in line with the peak times of the overall Programme.

- Agendas will be agreed by the Project Manager and the final agenda with papers released 5 working days in advance of the meeting. Action logs to be updated at each meeting

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	Dates	2016				2017							
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Joint Committee reports	Indicative	x					x						
Defining proposal													
: develop brief	Sep-Oct 2016	x	x										
: recruit support	Oct-Dec 2016		x	x	x								
: analysis of current/potential research use	Nov-Dec 2016			x	x								
: analysis of potential digitisation need/use	Nov-Dec 2016			x	x								
: discussions with stakeholders and customers	Jan-Feb 2017					x	x						
: discussions with libraries (informs digitisation)	Nov-Dec 2016			x	x								
Site selection													
: refresh provisional staff/volunteer/access requirements	Sep-16	x											
: integrate storage requirement	Dec 2016-Jan 2017				x	x							
: site analysis	Sep 2016-Jan 2017	x	x	x	x	x							
Public consultation (informal and formal)													
: to develop activities and type of service	Apr-Jul 2017; Summer 2018								x	x	x	x	
External Funding													
: HLF Project Inquiry	Oct-16		x										
: Briefs for external specialists and appointment	Sep-Dec 2016	x	x	x									
: Design work	Jan-May 2016					x	x	x	x	x			
: Bid writing	Nov 2016-Oct 2017			x	x	x	x	x	x	x	x	x	x
: Submit Stage 1 bid	Oct-17												
: Decision from HLF on Stage 1	Jan-18												
: Secure permission to start from HLF	Jan-Mar 2018												
: Development Stage	Apr 2018-Mar 2019												
: Stage 2 bid	Mar-19												
: Decision from HLF on Stage 2	Jun-19												
: Delivery Stage	July 2019 onwards												
Internal Funding													
: Internal capital programmes	Sep 2016-Feb 2017		x	x	x	x	x						

				2018												2019		
Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
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CHESHIRE EAST COUNCIL
CHESHIRE WEST AND CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	**23 September 2016**
Report of:	**Samantha Brousas, Director of Professional Services, Cheshire West and Chester** **Peter Bates, Chief Operating Officer, Cheshire East**
Subject/Title:	**Finance and HR System Replacement Programme**

1.0 Report Summary

1.1 The purpose of this report is to update Members on the progress being made in completing a formal procurement exercise for the future HR and Finance systems and processes for the Councils and its partners.

2.0 Decisions Requested

2.1 To note and endorse the work of the Finance & HR System Replacement Programme since the previous report to this Committee in July 2016.

3.0 Reasons for Recommendations

3.1 To allow Members to review and comment on progress made in completing a formal procurement exercise for the future Finance and HR systems and processes for the Councils and its partners.

4.0 Report Background

4.1 At the May 2016 meeting of this Committee, Members approved a programme of work to procure a new system or solution to replace our existing Finance and HR system. This report provides an update to the Committee regarding progress toward completion of this activity.

5.0 ERP Steering Group

5.1 The ERP Steering Group, comprising each Council's portfolio holder for Finance as well as senior officers and the Programme's Senior Responsible Officer, has continued to meet since the last report to this Committee. Subjects considered by the Steering Group include:

- Key assumptions made by the programme;
- Programme risks, issues and responses;
- The evolving procurement timetable and approach;
- An external report on stakeholder engagement approaches and framework; and

- An external readiness assessment exercise commissioned by the Programme.

5.2 Key points arising from these subjects are reported to the members of this Committee during the remainder of this report.

6.0 Procurement Approach and Timetable

6.1 Since the previous report to this Committee, a significant amount of work has been undertaken by the programme team, relevant subject matter experts in both Councils, and our external legal advisors Sharpe Pritchard, to develop a procurement approach and timeline which is compliant with the Public Contract Regulations 2015 and which will deliver an outcome which supports the approved business case.

6.2 With the advice of our external legal advisors, the programme has confirmed that the Competitive Dialogue route will be adopted as our procurement "route". The key drivers for this decision are:

- The need to establish a contract length for our chosen solution which allows us to maximise the benefits which will accrue to both Councils as a result of this complex implementation and transformation programme. Available public sector framework contracts do not offer this opportunity; and

- The desire by the programme team to enter into discussions with bidders about some aspects of the solution and implementation, eg establishing an ownership and contractual model which supports the evolving nature of council service delivery models. Purchasing a standard solution off a framework would not allow these conversations to take place.

6.3 At the time of reporting, the procurement timetable in the process of being finalised and approved, but discussions with internal and external stakeholders and advisors have resulted in a draft plan which would see a recommendation for the award of a contract for a replacement solution in mid-2017, with the solution being implemented no later than the autumn of 2018. The programme team intends seeking recommendations from bidders as to how they could accelerate these implementation timescales while maintaining appropriate control and risk management through the process.

7.0 External Readiness Assessment

7.1 Since the last report to this Committee, Ernst & Young have been appointed to deliver an external readiness assessment of the Finance & HR System Replacement programme, covering the following subject areas:

- Programme vision and objectives;
- Business case - including projected costs and benefits;
- Procurement approach - including procurement route, timetable, documentation readiness, and approach to evaluation / commercials;
- Requirements - business and technical;
- Change readiness / change and engagement approach; and
- Programme management and governance.

7.2 At the time of reporting, the review fieldwork is complete and a draft report has been circulated. Key messages from the report's executive summary have been reported to the ERP Programme Board, and actions are in hand to address key risks identified. This includes a revision to the proposed procurement timeline - to mitigate delivery risks identified within the existing timeline, to ensure resources can be put in place to support the competitive dialogue process, and to ensure bidders have sufficient time to produce robust proposals in response to our requirements.

8.0 Engagement and Change

8.1 The programme has recognised the criticality of stakeholder engagement and a robust approach to change management, in ensuring the success of this transformational change programme. An external organisation specialising in change and engagement, Ameo, have been engaged to carry out an initial review of change and engagement issues and to offer a framework for future change and communication activities.

8.2 Ameo have produced a report containing their analysis and recommendations. This has helped to reinforce some of the business and stakeholder / user drivers around the need for a simple and standardised solution which empowers users by providing easy to use self-service functions. These drivers have contributed to the overall programme vision, referred to as the "4 S' – Simple, Standard, Shared and Self-Service". The Ameo report has also provided a reference framework for future stakeholder engagement and communications activities.

8.3 In parallel, Cheshire West and Chester's Communications team has developed a job description for a specific role which will be dedicated to the HR and Finance replacement programme, with recruitment activities taking place at the time of reporting. The individual recruited to this role will take forward the recommendations both from the Ameo report and where relevant the feedback from the Ernst & Young report.

9.0 Business process analysis

9.1 The approved resource plan for this current phase of the Finance & HR system replacement programme includes an allocation for the completion of a detailed review of our existing business processes as supported by our current Oracle solution.

9.2 Having carried out a relatively high level exercise to identify potential business process savings through the resolution of a number of known areas of difficulty with the existing solution and the way it is currently operated, further detailed analysis of existing processes is expected to identify many more opportunities to deliver improvements.

9.3 The programme has recruited two temporary external resources, who between them bring a wealth of experience and expertise in respect of mapping and analysing existing business processes, particularly in the context of a Finance and HR solution. This small team are currently in the midst of a detailed mapping exercise for business processes within the shared Transactional Service Centre which are underpinned by the existing Oracle solution.

10.0 Wards affected

10.1 None.

11.0 Policy implications

11.1 None.

12.0 Financial Implications

12.1 Each Council spends a significant amount of money on provision of our core Finance and HR system. This programme will ensure that the Councils receive value for money for their taxpayers and ensure effective use of resources through provision of systems which can be demonstrated to offer value for money. In future reports a summary of the project finances will be included in the Financial Implications section.

12.2 This committee is responsible for the oversight of management of the shared services to ensure effective delivery and to provide strategic direction. However approving the budgets for the functions discharged by the committee are reserved to the Councils and any future investment requirement will require approval by both Councils.

12.3 This programme has been given an approved budget from both Councils with which to deliver the ongoing procurement exercise. As a joint programme of work with resources contributing from both authorities, costs are being incurred within each Council. Agreement has been reached with both Councils that wherever costs are incurred, they will be transferred and pooled within a capital programme held by Cheshire East Council. The programme will be subject to Cheshire East Council's existing financial monitoring and programme reporting regimes, but will also report on a joint basis to the shared governance bodies which have been put in place to oversee the programme's work.

12.4 Through the course of this programme to date, with advice from our internal and external advisors, the procurement process and timetable has been revised when compared to the version which existed at the outset of this programme. This will have an impact on the cost of the pre-implementation phase. Work is ongoing to identify the resources required to deliver the procurement activities in this phase of the programme, and a further report will be brought to Members once this has been finalised.

13.0 Legal Implications

13.1 Where the decisions flowing from this programme require procurement activity, including any pre market consultation, this will be carried out in accordance with the Public Contracts Regulations 2015, The European Procurement Regulations and the Treaty of Rome.

14.0 Risk management

14.1 Programme risks are being identified and reported as necessary to the ERP Programme Board, through normal programme management mechanisms. The Board will escalate any significant risks to the ERP Steering Group, and to this Committee, as appropriate during the course of the programme. There are no specific risks to escalate to the Committee at this time.

15.0 Access to Information

15.1 The background papers relating to this report can be inspected by contacting the report writers:

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Email: peterbates@cheshireeast.gov.uk

Officer: Samantha Brousas, Director of Professional Services, Cheshire West and Chester
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Background Documents:

Documents are available for inspection at:
Cheshire East Democratic Services
Westfields
Middlewich Road
Sandbach
CW11 1HZ
or:
Cheshire West & Chester Democratic Services
HQ Building,
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CHESHIRE EAST COUNCIL
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REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	**23 September 2016**
Report of:	**Peter Bates – Chief Operating Officer (East)**
Subject/Title:	**ICT Service - Transition Update**

Report Summary

1.1 This report provides a progress update in relation to the transition of ICT Shared Services to Cheshire East Council following the decision to revert to a shared service arrangement for the services previously delivered by CoSocius Ltd.

1.2 This report provides the information that the shared service is required to provide to the Shared Services Joint Committee and/or Joint Officer Board under the Shared Services Agreement.

2.0 Decisions Requested

2.1 To note and endorse the progress made by the service in delivering its key objectives, as outlined in the 6 month interim Business Plan agreed at Committee on 23 March 2016.

2.2 To agree the extension of the Initial Period (six months 1 April 2016-1 October 2016) for a further six months to 1 April 2017 to facilitate the continuation of the transformational design of the ICT service.

2.3 To approve entering into a Deed of Variation to the Shared Service Agreement to reflect an extension of the Initial Period.

2.4 To agree the continuation of transitional activity with a view to entering into an updated Service Agreement from 1 April 2017 incorporating the updated and agreed Business Plan and target operating model including agreed service definitions, service levels, KPI, service specification and agreed services charges, payments and financial memorandum.

3.0 Reasons for Recommendations

3.1 It is recognised that there has been significant progress made since 1st April 2016 and that the level of transparency in financial and management information now available should be noted. In order to build upon this momentum during the initial Transition period (April to Oct), both Councils request that the Initial Period be extended to 31 March 2017 to realise the following outcomes:

3.2 A clear and collaborative Business Case for transformation of the existing ICT core products and services, to incorporate a clear strategy, outcomes and funding source for Asset replacement/provision via an alternative delivery approach. A strategic review of desktop, telephony and data centre services are currently underway to make recommendations for how these services should be provisioned and consumed in the future to enable both customers to deliver their corporate objectives.

3.3 Both councils need to review their ICT Strategies, their functional roles and responsibilities and to confirm their client requirements for 2017/18 and beyond.

3.4 The current cost model which supports the new ICT Service Catalogue is based upon 4 months actual data. Extending the Initial Period of transition will allow more actual data to be incorporated into the cost model providing more cost certainty.

3.5 A clear, jointly agreed Transformation Plan, together with a higher degree of known requirements will enable ICT Services to build upon the restructuring that has taken place and build a sustainable operating model going forward.

4.0 Background

4.1 At the 18 March 2016 meeting of this Committee, Members were asked to approve a report that set out the basis for the establishment of a shared services agreement for the services provided by CoSocius Ltd. In approving such an agreement, Members decided that ICT services would be hosted by Cheshire East Council and HR and Finance services would be hosted by Cheshire West and Chester Council for an initial period comprising 6 months transition followed by a further 12 months of review, redesign and transformation.

The initial six month, transition period is underpinned by a business plan that sets out to deliver the following key objectives:

- Closure of the inherited 2015/16 funding gap
- Business continuity, with minimal impact on customers
- Development and implementation of a new Target Operating Model (TOM)
- The development of a strategic business plan
- Development and implementation of a new commissioning model

4.2 The Service Agreement also sets out a timetable of reporting for activity from April to October. In accordance with these requirements this report will also cover:

- transition and delivery of key services against business plans, service definitions and service levels/KPIs
- progress on financial performance
- progress on novated contracts or managed contracts.

4.3 The ICT Services' progress, for each of the objectives is outlined below. A RAG status for each of the objectives is outlined below. A RAG (Red – 'will not achieve', Amber – 'at risk of not achieving', Green – 'will achieve') rating has been applied to each in order to indicate progress.

5 Closure of the inherited 2015/16 Funding Gap and Financial Performance

RAG Rating: **AMBER**

5.1 The inherited funding gap of £4.275m continues to be addressed by the ICT Service Senior Management Team and the Transition Board.

5.2 The table below provides the latest outturn position:

	Budget £000	Forecast to Year End £000
Staffing	11,323	11,488
Non Staffing	5,764	6,478
GROSS	17,087	17,966
Income	-17,013	-17,604
NET	74	362

5.3 There were a number of ongoing proposals to mitigate the overspend position and to create permanent savings from the cost base including: review of third party contracts, unified communications strategy, self-service, reducing out of hours working. The mitigation of the forecasted overspend position and opportunities for creating additional savings remains a high priority for the senior management team. The rationalisation of staffing and non-staffing expenditure will continue and will be aligned under a revised Transition delivery plan.

5.4 Notable achievements to date include:

- 58% of savings target has been permanently delivered
- senior management restructure
- vacancy management procedures implemented
- the removal of 28% of external contract resources
- an increase in third party income.
- Implementation of financial control and accountability of the cost base and organisational structure

5.5 This objective is assessed as AMBER because of the current, forecast position. However, activity to date, planned remedial action and further opportunities through rationalisation and simplification give confidence that the year-end closure of the gap (balanced position) remains achievable.

6 Business Continuity

RAG Rating: **GREEN**

6.1 No major outages and impact on performance are attributable to the transition of the former CoSocius ICT services to Cheshire East. The contractual reporting arrangements between the former company and the Councils have been revised to provide a level of assurance on current service delivery against the agreed (1 April) service definitions and performance management framework.

6.2 Business Continuity together with improving the quality of service and customer experience remains a high priority of the ICT Senior Management Team. A number of initiatives are in flight:

- A project has been established to review the capabilities, capacity and standards required of a progressive and customer focussed ICT Service. This project encompasses a review and redesign key processes such as Asset, Supplier and Contract Management. This project considers the "whole" service chain and clarifies the roles and responsibilities of the ICT Service and those of the customer.
- An infrastructure modernisation programme is underway, with prioritisation given to improving the customer experience with core services such as email (Outlook) and network (PSN).
- An external review of the network and datacentre services with HP Enterprise has been undertaken and a series of recommendations are currently under review by the senior management team. A Data Centre options review has also been initiated.
- The whole approach to internal governance is under review. A project is underway to establish fit for purpose governance structures under the core themes of Financial (Commercial), Customer, Project Delivery, Core Service and Technical. An independent review of linking operational governance with the strategic direction of the service is continuing with both Gartner and iESE.
- The Senior Management Team is committed to the development of a continual Service Improvement Plan (SIP) with full transparency on the progress of key investment projects and planned benefit realisation which have a positive impact on the customer experience. This will also clearly set out the requirements for business side change where customer engagement is critical for the realisation of benefits.

6.3 Decisions on the novation of contracts to Cheshire East or Cheshire West and Chester Councils were agreed as part of the Service Agreement for the 1 April transfer. The majority of ICT Service contracts have novated as planned with no significant issues. The current exception to this is the contract with QWEST. Although documentation has been provided, this needs to be amended and updated prior to formal novation to Cheshire East alongside ongoing negotiations on the current Service Credit regime and Services Levels. It is envisaged that the negotiations will conclude by end September. In the event terms cannot be agreed this will be escalated to the Joint Officer Board.

6.4 Formal Staff inductions have taken place and all staff have clear PDR objectives. The Senior Management Team continues to be engaged with iESE to support the focus on developing and implementing a culture development plan including leadership and behaviours; stakeholder engagement and communications strategy and a review of external governance. A leadership charter and a customer charter have been developed and shared. A Communication Plan has been agreed, and Extended Leadership and stakeholder sessions have been undertaken to support the move to one ICT Services organisation. Collaborative work with respect to the future strategic business plan has commenced and will be circulated by end September.

7 The development and implementation of a new Target Operating Model (TOM) with development by 30 April, consultation on it completed by July and a 'go live' of 1 October.

RAG Rating: **AMBER**

7.1 The TOM is more than an organisational structure it is about the ways of working, culture, financial and commercial management, governance & contractual frameworks, capacity and demand management, the assessment, mitigation & management of risk and future strategic development.

7.2 The ICT Transition Programme is structured to deliver the objectives of the 6 month interim business plan. An extension to Transition will allow more collaboration to lay the foundations of future transformational activity. Our future service will be digital by design and we will be seeking Council commitment to the principles of "simplify, standardise and share". It is anticipated that the TOM will continually evolve.

7.3 The organisational structure will continuously evolve in order to deliver services required by both councils. The level of capacity and customer demand is under constant review as part of the adoption of more rigorous cost management processes. Ahead of any wholesale organisational restructuring is the need to align this with customer requirements; the joint Business Solutions review outcomes (elsewhere on the agenda); ERP replacement programme (elsewhere on the agenda); council's digital programmes and an agreed position to essential asset replacement strategy.

7.4 Section 9 Development of Strategic Business Plan sets out the context of the principles of "digital by design" and "simplify, standardise and share". Section 11 Risk Management sets out some of the current risks to achieving these.

7.5 Since 1 April a Senior Management restructure & some changes to reporting lines has been undertaken – resulted in 38% reduction of management posts – ***completed by 30 April***

7.6 Vacancy management process adopted and posts permanently released – ***completed 30 April***

7.7 Contractor rationalisation – 28% of contractor resource released – ***completed 30 April***

7.8 Some significant reworking has been undertaken of the organisational cost model looking at the balance of staff deployed on overhead, core delivery and project work. This is due to a lack of reliable baseline information. A new time recording regime has been implemented and is linked to the service catalogue. There is now greater clarity, engagement and adherence from all staff, who greater understand the importance of the cost model. There is a stronger control of staff allocation to core service, projects and overhead which is monitored closely. – ***completed end May***

7.9 Base-lining work has been undertaken to review currency of all staff Job Descriptions and contracts – ***completed by June 30***

7.10 Evaluation of Job Descriptions is underway comparing the previous Sfia evaluation scheme with that of Hay which is in use in CEC. - ***completed during July and August***

7.11 A Service Catalogue and associated cost model has been developed supported by a series of fortnightly dedicated Service Catalogue Governance Boards and collaborative workshops with key customers. The Service Catalogue is on target for publication – ***completed by end of August.***

7.12 No new customer (West & East) requirements were presented for review against the Service Catalogue. – ***current position as at end August***

7.13 The priced Service Catalogue will be benchmarked against CIPFA SERCOP categories which recognise industry best practice categorisation to establish that we are comparable to other organisations and offering the councils value for money services – ***underway and scheduled for completion end September***

7.14 The Service Catalogue forms the basis of the service specification to include in contract variation to the current Service Agreement and collaborative discussions are ongoing. ICT Services has met with Waterstons in August and has shared relevant information to enable them to review the Service Catalogue. Formal feedback is awaited – ***was scheduled late September now recommended to defer till March 17***

7.15 The target Performance Management Framework (PMF) is drafted and revised Customer reporting has been implemented. From October, there are a number of new Key Performance Indicators (KPI's) and development of reporting to support these is also underway. A baseline customer satisfaction survey is also planned and agreement is being sought from key stakeholders to agree timing of survey. ICT Services has met with Waterstons to review the KPIs and Service Improvement Plan and recommendations will be taken through formal programme governance – ***was scheduled late September now recommended to defer till March 17***

7.16 A revised contractual payment mechanism (Paymech) has been drafted within the Service Catalogue and will be consulted upon, negotiated and agreed in time for the Councils 2017/18 budget setting timetable – ***was scheduled late September now recommended to defer till March 17***

7.17 Inputs into the variation of the Service Agreement – ***was scheduled late September now recommended to defer till March 17***

7.18 The future and ongoing development of the TOM will be significantly influenced by the outcomes of planned business change programmes that are dependent on customer prioritisation and investment:

- The Business Solutions Programme
- The ERP Replacement Programme
- Infrastructure Modernisation Programme

- Key council led strategic Programmes such as Accommodation Strategy/Asset Rationalisation (including Flexible Mobile working policies) and Digital.

ICT Services are engaged as a key enabler in these programmes. There are also a number of task and finish initiatives within the Transition Programme which will have marginal rather than a wholesale impact to the TOM.

7.19 Whilst the development of the future TOM and associated activities remains on track for implementation on 1 October, every effort is being made to manage expectations given the level of complexity that exists in the estate, the maturity of the service in a commercial environment, the lack of reliable management information inherited to make sustainable and strategic decisions, emerging business requirements and ever growing citizen expectations. Progress is being monitored as a part of the regular reporting to the Joint Officer Board.

Reason for RAG status of Amber is that both Councils have requested that the Transition Period be extended until March 2017 and we will revise the transition Programme Plan appropriately and regularly report progress to Joint Officer Board and the Shared Services Joint Committee.

8 New Commissioning Model

RAG Rating**:** **GREEN**

8.1 Phase 1 of the commissioning model redesign was implemented on 1st April and close monitoring of the newly implemented "Proposal" process continues. There is a higher level of clarity and engagement. Performance against KPI "Providing an indicative price within 5 days" is heading in the right direction - increased by 28% in its 3rd month of implementation.

8.2 Phase 2 of the re-design and implementation plan for the remainder of the Commissioning Model is now underway - focussing on the Project Management Office (PMO) and Project Delivery parts of the lifecycle.

8.3 ICT Services has recouped income from pre-sales activity, acted as a strong supplier and focussed on quotations for funded projects where budgets are secured thereby mitigating losses on unproductive activity.

9.0 Development of a Strategic Business Plan

RAG Rating: **GREEN**

9.1 The Strategic Business Plan, underpinned by a reshaped Business Strategy, will set out the clear direction of the Service beyond the initial transition phase.

9.2 The Business Strategy will set out a clear Vision and Purpose for the service together with strategic goals and will seek to position ICT Services as a key enabler of the Councils' digital transformation agendas and strategic objectives.

9.3 Key Strategies are being reviewed and redeveloped to align to key themes of:

- Digital by design – driving opportunities to simplify, standardise and share
- Customer Strategy
- People Strategy - including culture, leadership and behaviours; resource planning & forecasting; sourcing models and development of “growing our own talent” through revised apprentices and career grade schemes.
- Place Strategy
- Financial & Commercial Strategy
- Marketing, Retention and Growth Strategy
- Operational Strategies, such as Data Centre, Network, Storage, WiFi, Disaster Recovery, Backup, Operational Tools, End User Computing.

9.4 It is fully recognised that the current ICT estate is highly complex and inflexible and does not enable an agile organisation. It is vitally important that ICT Services and both Council’s work collaboratively to understand and overcome the blockages that have prevented the drive to become a progressive supplier of ICT services to both Councils and their subsidiary companies.

9.5 Industry experts state that local government improvement, that could have been achieved through digital technology, has been hampered by growth in process complexity, duplication and fragmentation of approaches, inability or unwillingness to share data and a tendency for provider organisations to prioritise their needs over those of the citizen.

9.6 Rationalisation and simplification of the estate is a key driver and challenge for the new ICT services. It should be recognised that whilst ICT Services can recommend areas for change it is highly reliant on business side engagement and investment and other key programmes such as the Joint Business Solutions Programme.

9.7 In order to fully develop a durable longer term Business Strategy ICT Services are undertaking a mixture of desk based research together with lessons learned from other authorities. It is working with Customers to fully shape future requirements and determine what is good enough and what should be best in class. ICT Services are currently engaged with Gartner and iESE who act as critical friends and independent reviewers of the emerging Business Strategy and Plan.

10.0 Legal Implications

10.1 The parties will need to enter into a Deed of Variation to the Service Agreement to reflect the extension of the Initial Period (1 April 2016 to 1 October 2016) for a further six months to 31 March 2017. The parties will work towards agreeing a revised Service Agreement including the updated Business Plan and target operating model including agreed service definitions, service levels, KPI, service specification and agreed services charges, payments and financial memorandum prior to 1 April 2017.

11.0 Risk Management

11.1 Programme / Project risks are being identified, captured and managed by the ICT Transition Board that is meeting on a fortnightly basis. Significant risks and/or issues, as part of the regular progress reports, are reported up through the agreed governance route to the Joint Officer Board.

11.2 All risks associated with transitional activity for the new sharing arrangements have transferred to the ICT Transition Programme Board and these are monitored at regular intervals.

11.3 Shared Services failure to implement the agreed measures to close the gap between budgeted and actual spend during 2016/17. This is monitored formally twice monthly by the ICT Services Senior Management Team.

11.4 Potential downward trend in performance in transitional phase e.g. KPIs (service requests and incidents) and improvement due to staff maturity, training and stabilisation of the new Target Operating Model – performance is closely monitored and reported regularly to customers. Modernisation Programme activity will improve the customer experience on core services. The programme also has a drive on key process redesign with the customer at the heart of the design.

11.5 Significant cultural change will be required within ICT services and host authorities to achieve objectives of their respective business plans – cultural development is a high priority of the service and external Organisational Development expertise has been deployed to provide a solid foundation for SMT to drive forward.

11.6 Risk that the new service fails to deliver expectations/requirements of the two councils – collaborative production and consultation has been undertaken and is ongoing.

11.7 Risk that ICT Services fail to deliver the agreed objectives detailed in the business plan – the Programme Board regularly track progress of timescales and outcomes through the fortnightly meetings, no risks/issues have been escalated through governance to Joint Officer Board.

11.8 Making the case for investment prioritisation in an environment where management information has been poor or non-existent to inform strategic decisions. As a result external reviews of the Data Centre and network are taking place.

11.9 Differing organisational strategies are lengthening the pace of decision making. This requires closer engagement within the Councils key programmes and the creation of the Joint Design Authority to drive future Business Solutions will drive strategy and pace.

11.10 The Programme lacks dedicated Communications resources and is likely to become an issue in the short/medium term as activity ramps up. Culture development is highly reliant on stakeholder engagement and cohesive

communication is critical to the success of the programme and the newly formed shared ICT Service.

11.11 The desire to Simplify, Standardise and Share will require capabilities and capacity dedicated to drive and manage business change and benefit realisation. Some additional investment will be required and is currently being identified across a number of key programmes.

11.12 Clarity is required in relation to roles and responsibilities across ICT Services and the Retained Client function particularly regarding solution design - ongoing discussions regarding solution architect roles and virtual/co-located working among the client and delivery teams.

12.0 Wards Affected

12.1 This report relates to Shared Services that operate across both Cheshire East and Cheshire West and Chester so all wards are affected in both Councils.

13.0 Local Ward Members

13.1 Not applicable.

14.0 Policy Implications

14.1 None.

15.0 Other Options

15.1 None.

16.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writers:

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Tel No: 01270686166
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Background Documents:
Documents are available for inspection at:
Cheshire East Democratic Services
Westfields
Middlewich Road
Sandbach
CW11 1HZ

CHESHIRE EAST COUNCIL
CHESHIRE WEST AND CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	**23 September 2016**
Report of:	**Mark Wynn – Director of Finance (West)**
Subject/Title:	**Transactional Service Centre – Transition Update**

1.0 Report Summary

1.1 This report provides a progress update in relation to the development of the Transactional Service Centre (TSC) following the decision to revert to a shared service arrangement for the services previously delivered by CoSocius Ltd.

1.2 The report provides the information that the shared service is required to provide Committee and/or Joint Officer Board (JOB) under the Shared Services Agreement.

2.0 Decisions Requested

2.1 To note and endorse the progress made by the service in delivering its key objectives, as outlined in the six month business plan agreed at Committee on 23 March 2016.

2.2 To approve the approach and initial Target Operating Model (TOM) incorporating the Strategic Business Plan; Service Catalogue and Payment Mechanism (pay mech); and Management Restructure proposals and agree to the continuation of activity designed to transform the current TSC as a shared service.

2.3 To agree the extension of the Initial Period (six months 1 April 2016-1 October 2016) for a further six months to 1 April 2017 to facilitate the continuation of the transformational design of the TSC service.

2.4 To approve entering into a Deed of Variation to the Shared Service Agreement to reflect an extension of the Initial Period.

2.5 To agree the continuation of Transitional activity with a view to entering into an updated Service Agreement from 1 April 2017 incorporating the updated and agreed Business Plan and target operating model including agreed service definitions, service levels, KPI, service specification and agreed services charges, payments and financial memorandum.

3.0 Reasons for Recommendations

3.1 To enable a clear, jointly agreed Transformation Plan and continued development of service delivery against the TOM and in line with the service's proposed Vision, Goals and Objectives.

3.2 Good progress has been made in the last 6 months with the development of the new target operating model for the Transactional Service Centre, a strategic business plan and the documentation and tools to help support their delivery. These give both Councils a greater level of clarity and understanding regarding the role the Transactional Service Centre can play in delivering more customer focused and cost effective services. There is broad agreement over the direction the service needs to take, but some of the tools and processes to help achieve that transformation still require further development. Extending the Initial Period to March 2017 will enable these processes to be further tested in shadow mode, before formal adoption is sought from April 2017.

4.0 Report Background

4.1 At the 18 March 2016 meeting of this Committee, Members were asked to approve a report that set out the basis for the establishment of a shared services agreement for the services provided by CoSocius Ltd. In approving such an agreement, Members decided that ICT services would be hosted by Cheshire East Council and HR and Finance services would be hosted by Cheshire West and Chester Council for an initial period comprising 6 months transition followed by a further 12months of review, redesign and transformation. That initial six month transition period is underpinned by a business plan that sets out to deliver on 4 key objectives:

- Closure of the inherited 2015/16 funding gap
- Business continuity, with no impact on customers
- Development and implementation of a new Target Operating Model (TOM)
- The development of a strategic business plan

4.2 The Service Agreement also sets out a timetable of reporting for activity from April to October. In accordance with these requirements this report will also cover:

- transition and delivery of key services against business plans, service definitions and service levels/KPIs
- progress on financial performance
- progress on novating or managed contracts

4.3 Transactional Service Centre (TSC) progress, for each of the objectives is outlined below. A RAG (Red – 'will not achieve', Amber – 'at risk of not achieving', Green – 'will achieve') rating has been applied to each in order to indicate progress.

5.0 Closure of the 2015/16 Funding Gap and Financial Performance

RAG Rating: **AMBER**

5.1 On 1 April, the Council inherited an approximate £0.5m funding gap from CoSocius Ltd in relation to HR & Finance Services. At 1st review of performance (August 2016) the service is forecasting an end of year overspend of £139k which represents a significant reduction on the inherited position. This forecast is in advance of additional planned remedial activity, such as the management restructure, and has largely been achieved through vacancy management and by addressing some non-pay areas such as the roll out of e-payslips; file storage; and the reduction in the schools subsidy.

5.2 The item is assessed as AMBER because of the current, forecast position. However, activity to date, planned remedial action and further opportunities through vacancy management give confidence that the year-end closure of the gap (balanced position) remains achievable.

6.0 Business Continuity and delivery against Service Definitions

RAG Rating: **GREEN**

6.1 Business Continuity remains a key priority for the service and the fact that services have transferred back to the Council with no discernible impact on customers is positive. The contractual reporting arrangements between the former company and the Councils have been maintained to provide a level of assurance on current service delivery against the agreed (1 April) service definitions. There are no issues to report at this stage.

The TSC transition board, with Cheshire East client representation, established to oversee the delivery of the (six-month) Business Plan will continue to meet and provide governance and oversight of the delivery of the key Plan outcomes.

6.2 Decisions on the novation of contracts to Cheshire East or Cheshire West and Chester Councils were agreed as part of the Service Agreement for the 1 April transfer. For the TSC, contracts novated as planned and there have been no identified issues.

6.3 Staff remain engaged and welcoming of the new arrangements. The staff focus group has now been refreshed to include representation from the wider TSC and most recently reviewed the Vison, Goals and Objectives proposed for the service going forward.

6.4 Cultural differences derived from split locations, historic working practices and degrees of uncertainty are still manifest. Clear communications, cross-departmental working and a clear outline of challenges and opportunities are beginning to address this. Cultural development has been identified as one of the four service Goals.

7.0 Development of a New Target Operating Model

RAG Rating: **GREEN**

7.1 The TOM is is defined here as an overarching approach to the delivery of the TSC that will encompass the strategic business plan, the service catalogue and payment mechanism (pay mech), the structure (the initial management restructure with a clear project plan and timescales for the wider service restructure), and transformation plan under the governance of the Transition Board.

7.2 The development of the TOM, and all component elements, are significantly advanced, with further detail below, and remain on track for completion and sign-off by 1 October. The TOM is therefore assessed as GREEN.

8.0 Management Restructure

RAG Rating: **Green**

8.1 Linked to the development of the TOM it has been agreed that the restructure of the TSC will commence with a management only change in the first instance. Job descriptions and person specifications have now been evaluated, a consultation document has been drafted and, with appropriate time for consultation with affected individuals and the trades unions, the formal process will commence by the end of September.

9.0 Development of a Strategic Business Plan

RAG Rating: **GREEN**

9.1 The Strategic Business Plan sets out the clear direction of the service beyond the initial transition phase. While elsewhere in this paper there is recognition that it would be appropriate to extend the initial transition phase by six months, in order to retain this clarity of vision, the Business Plan is still being developed to cover the full 18 month period through to the end of the transformation phase. The Plan outlines core vision, goals and objectives; a draft Performance Management Framework (PMF); overall and operational governance; risks and opportunities; and Financial Information.

The four core goals are:

- Financial Stability
- Efficient, Effective services
- Customers and Residents First
- Cultural Development

9.2 Separately, the vision, goals and objectives have been shared with the Staff Focus Group with the questions: a) is this a service you recognise?; b) are the Vision, Goals and Objectives something you could sign up to? They were positively received.

9.3 There remain key interdependencies that will influence and shape the strategic direction of the Transactional Service Centre, including for example the Service

Reviews and the HR and Finance System (ERP) Replacement, for which the service is currently supporting the wider procurement process (as reported elsewhere on the agenda). Discussions are in hand across the different programmes to ensure that the direction and goals are aligned and that there are opportunities to influence the delivery of the TSC goals as part of this process. One important and critical linkage is between the HR & Finance Programme, the ICT Shared Service activities and the TSC. This will be key to establishing a coherent deliverable strategy and approach for the TSC in the medium to longer term and therefore it is important that both shared services develop concurrently.

9.4 The plan will continue to be adapted as other aspects of the Councils' strategies are confirmed. A copy of the draft plan for the next 18 months is attached as an Appendix to this report.

10.0 Service Catalogue and Payment Mechanism

RAG Rating: **AMBER**

10.1 An e-catalogue (excel spreadsheet) has been developed that provides by service area a 'drill down' view of all shared service activity together with known volume data. A summary of the services offered through the service catalogue is attached as an appendix to this report. The catalogue is structured as:

- Service – high level services, as identified in CWACs e-CWIP catalogue
  - Products – The separate elements comprising each service, typically the activity undertaken or outputs delivered
    - Product Definitions – Descriptors of the services provided, along with details such as volumetrics and service standards from the Service Definition document
      - Process levels – Further details of the individual tasks supporting each process, included as appropriate

10.2 In support of the e-catalogue, an exercise has been undertaken to capture the relevant costs and activity levels for each process undertaken and product generated. This has enabled the development of a charging mechanism that better reflects the activities undertaken on behalf of each customer and the services they receive. While this is initially aimed at determining the costs of the different services purchased by each Council it will also help ensure that other Transactional Shared Services customers are making a fair contribution.

10.3 The catalogue allocates costs using a combination of inputs (resources consumed in support of each customer) and products generated depending on the service area and availability of relevant information. All allocations are underpinned by detailed staffing analysis with every post analysed to reflect what they do and for whom.

10.4 The pricing mechanism in its current form is functional and will allocate costs to customers with a reasonable degree of accuracy and recognise changes in the

volume of services delivered. There is still a need to further develop the tool to give the Councils discretion to vary the scope or qualitative aspects of their services and have this reflected in their pricing. This secondary phase of development is expected to be in place for the start of 2017-18.

10.5 The current approved cost base for the Transactional Shared Service is £4.76m of which £2.8m is funded by the Councils. The reviews undertaken as part of developing the catalogue confirm the service remains affordable from existing funding.

10.6 The net result of applying the catalogue's pricing to current activities would lead to charges which remain broadly consistent with existing Council budgets, this means that once implemented there is not expected to be any significant volatility in charges for Councils to manage. Given this, it is proposed that current budgeted contributions are retained for the remainder of 2016-17, with the catalogue driven charges being fully implemented from April 2017.

10.7 The catalogue reaffirms the understanding that charges being made to academies and some other external bodies do not fully recover costs and this will need to be addressed in future pricing reviews. Following uplifts earlier this year, charges to schools are now largely in line with costs.

10.8 The supporting payment mechanism requires regular monthly payments throughout the year. A range of thresholds are being set so that any material changes in the volume of activity delivered will result in a reduction or uplift to the base fee. These adjustments will reflect the extent to which the costs in each part of the shared service are variable for given changes in activity. Variable costs typically range from 50%-80% of the overall unit costs.

10.9 The payment mechanism will also be developed to allow linkage into the performance management framework (PMF) and allow for deductions to be made for not achieving agreed performance levels. No deductions will be applied in 2016-17 as this is being used as a baselining year to inform 2017-18 target setting. Once the revised PMF from April 2017 has been agreed, and the targets for improved quality and VFM have been set, the extent to which deductions can apply in 2017-18 will be confirmed.

10.10 The RAG rating of Amber reflects the fact that both Councils have requested that the Transition Period be extended until March 2017 and the service catalogue will continue to be further developed during this period. Progress against the revised transition Programme Plan will be regularly reported to the Joint Officer Board and the Shared Services Joint Committee.

11.0 Legal Implications

11.1 The parties will need to enter into a Deed of Variation to the Service Agreement to reflect the extension of the Initial Period (1 April 2016 to 1 October 2016) for a further six months to 31 March 2017. The parties will work towards agreeing a revised Service Agreement including the updated Business Plan and target operating model including agreed service definitions, service levels, KPI, service

specification and agreed services charges, payments and financial memorandum prior to 1 April 2017.

12.0 Risk management

12.1 Programme/project risks are being identified, captured and managed by the TSC Transition Board that is meeting on a fortnightly basis. Significant risks and/or issues, as part of the regular progress reports, are reported up through the agreed governance route to the Joint Officer Board.

12.2 Key risks and mitigating actions identified at this stage are:

- Key management information to support the development of the service is delayed impacting upon the development of the TOM and consultation with the client services on the offer. The following steps are in place to ensure, where possible, that this does not affect the October deadline to agree the TOM go live date:

  - Job descriptions completed and evaluated
  - anticipated appointment of external 'analyst' support in September
  - baselining activity, in advance of analyst appointment, commenced and incorporated into service catalogue development.

- The chosen ERP replacement solution requires a fundamental change to the TOM and a further iteration and consultation is required prior to the replacement's 'go live'. Timescales for the procurement have been adjusted with commencement now due in September. To mitigate the impact on the service deliverables the Corporate Manager is feeding into the ERP Board to ensure requirements for the specification are shaped by the service.

13.0 Access to Information

13.1 The background papers relating to this report can be inspected by contacting the report writer:

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Transactional Service Centre

Strategic Business Plan

October 2016 – March 2018

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1. Purpose

The purpose of this Business Plan is to set out the objectives, plans and targets for The Transactional Service Centre (TSC) to cover the last six months of the extended initial 'transition period' (October 2016 to March 2017) and following 'transformation phase' through to March 2018. It is important that the plan covers this extended period to ensure continuity of planning and clarity of the long term vision for the service.

Although the TSC provides a much wider range of services to its host Authority, this Business Plan concentrates on the activities that will be delivered by the TSC in support of the key objectives and rationale for reverting to a shared service arrangement for the services previously delivered by CoSocius Ltd before it was formally wound down in April 2016.

This document is intended to support the regular review and appraisal of the service by its key stakeholders.

2. Outcomes, Vison and Goals

2.1 Outcomes

Cheshire West and Chester Council has set its strategic goals as *Thriving Communities, Thriving Economy and Thriving Residents* to help the Council achieve against these goals it has set 10 priority outcomes. For the TSC the key, relevant outcomes are:

Our resources are well managed and reflect the needs of our residents

(Cheshire West and Chester) A great place to do business

2.2 Vision

The vision for the TSC is:

To be recognised both locally and nationally as a sector leading provider of transactional finance, HR and payroll services

Please note that "finance", in the context of the vision, includes all transactional finance activity, including Revenues & Benefits, Client Finance, Payments & Income and Corporate Debt.

2.3 Goals

The TSC has 4 goals devised to support the delivery, on-going management and improvement of all its business functions in support of the vision. The goals are underpinned by 10 objectives that have been identified as the key areas of focus for the TSC and which will form a key part of its communication with employees and customers.

Financial Stability – The TSC will operate within its financial envelope, deliver its savings targets and demonstrate value for money

1. Operate, review and action a robust financial and non-financial performance management framework to support the delivery of services to budget and achieve, annually, the savings targets set for the service
2. Develop, implement and keep under review a more sophisticated charging model that drives continuous business improvement, supports the service catalogue approach and offers a degree of flexibility and choice for the customer
3. Maximise customer retention and, where appropriate, seek to grow and develop the customer base

Efficient Effective Services – ensure that operational processes and procedures demonstrate best practice and enable the most efficient, cost effective delivery for both customers and the service; and are underpinned by the principles of digital first; standardisation, automation and self-serve

4. Regularly review operational activity to ensure that activity caused by failure, preventable and/or avoidable demand is not inhibiting the delivery of TSC services and/or the experience of its customers
5. Regularly benchmark and review processes and procedures to ensure that delivery is in line with acknowledged 'best practice' and supports a culture of continuous improvement

Customers and Residents First – Placing all customers and customer satisfaction at the heart of everything that we do

6. Provide clarity on relative roles and responsibilities to ensure that customer expectations are appropriately managed
7. Ensuring staff are empowered and enabled to deliver the very best in customer service through training, development and the provision of the most effective systems and procedures
8. Deliver a quality of service that prompts positive customer feedback and award recognition

Cultural Development – Develop a 'one service' culture for the TSC, in support of the vision, that provides clarity of purpose and a real identity for both employees and customers

9. Instil the THRIVE and 'Residents First' values into everything that the service does and in the manner in which its employees deliver and customers receive services
10. Embrace flexible, mobile, agile and home working to support the delivery of services and the development of the 'one service' approach across multiple locations

3. Background

3.1 The Transactional Service Centre (TSC) was established in Cheshire West and Chester Council on 1 July 2015 as part of Finance Service restructure. The overall objective was to develop a central function that delivers all financial related transactional activities on behalf of the entire Council and in doing so the TSC would draw together transactional finance activity being carried out by 'front line' services in order to free up these specialist services to deliver their core purpose.

3.2 In October 2015 Cheshire East and Cheshire West and Chester Councils formally agreed to revert to a shared service arrangement for the services previously delivered by CoSocius Ltd. As part of this agreement HR and Finance services were designated for transfer into the TSC in West with ICT services transferred into and hosted by Cheshire East.

The services transferring into the TSC were:

- Managed Payroll
- Recruitment
- DBS Services
- (Employee) Contractual Administration
- Accounts Payable
- Accounts Receivable
- Business Relationship Management

The initial basis for the transfer in of services was 'lift and shift' and this Plan sets out how services will be developed into one service, clearly identifying those that form part of the shared services arrangement, but highlighting where opportunities to review, align and improve the service offering exist.

3.3 To underpin the initial six-month transition phase for the new arrangements, a six month business plan was agreed and signed off at Shared Services Joint Committee in March 2016. The Plan identified four key objectives:

- Closure of the 2015/16 inherited funding gap
- The development of a strategic business plan for the service
- The development of a new Target Operating Model
- Business Continuity with no discernible impact upon customers

To support the establishment of the service and its delivery against the six month business plan, a Transition Board has been established to oversee and manage the transition as a programme of work. The Board reports, in governance terms, to the Joint Officer Board and through to the Shared Service Joint Committee.

3.4 The overall service currently has a budgeted structure of 290 FTE delivering services out of three West Cheshire locations: Goldsmith House, Chester; Civic Way, Ellesmere Port; and Wyvern House, Winsford. The breakdown of current FTE is:

Team/Post	Budgeted FTE
Corporate Manager (Transactional Finance)	1.00
Billing and Debt	55.70
Assessment Centre	92.70
Payments & Income	60.46
Employee Service Centre	77.61
Business Relationship Management	3.00
	290.47

3.5 In addition to the Cheshire West only services of Revenues & Benefits, Client Finance and Corporate debt, the TSC delivers Finance and/or HR and Payroll services to the following:

Cheshire East Council plus…	1	Cheshire West and Chester plus…	1
Primary Schools	88	Primary Schools	120
Secondary Schools	5	Secondary Schools	10
Academies	39	Academies	11
Special Schools	3	Special Schools	8
Other External	4	Other External	6
Council Companies*	6	Council Companies (Vivo)	1
Town Council	1	Town Council	1
		Residential School	2

Other	
Priestley 6th Form College	1
Cheshire Pension Fund	1
Edsential (West Payroll)	1

*East Council Companies:

- ESAR
- ANSAR
- Civicance
- TSSL
- Skills & Employment
- Orbitas

3.6 There are a number of key interdependencies that will influence and shape the strategic direction of the Transactional Service Centre, including for example the Service Reviews and the HR and Finance System (ERP) Replacement, for which the service is currently supporting the procurement process. Discussions are in hand across the different programmes to ensure that the direction and goals are aligned and that there are opportunities to influence the delivery of the TSC goals as part of this process. One important and critical linkage is between the HR & Finance Programme, the ICT Shared Service activities and the TSC. This will be key to establishing a coherent deliverable strategy and approach for the TSC in the medium to longer term.

4. Performance Management Framework (PMF)

4.1 To support the delivery of the six-month business plan, a contractual performance management framework was agreed. The PMF identified a number of key performance measures, some for immediate use and reporting and others for baselining and development. Although much of that PMF remains valid a revised version will be baselined and tested during 2016/17 for communication and launch in April 2017.

Key Performance Indicator (KPI)			Service Metrics	Priority	Targets 2016/17	Targets 2017/18	Commentary
HR & Payroll Services							
Delivery of efficient and effective recruitment processes that complement and support customers overall recruitment policies	Current	Pre-employment: percentage of DBS Checks countersigned within 1 day of receipt	Data Capture	Medium	97.55% (@June 2016)	98%	The more meaningful end to end processing time indicator will be developed and baseline in 2016/17 for implementation and target setting for 2017/18.
	NEW	Pre-employment: end to end processing time for DBS	Data Capture	High	Baseline	X Days	
	Current	Contracts: Percentage of confirmation letters and final contracts of employment provided for each new employee within 4 days of complete and accurate information being supplied by the client	Data Capture	High	Baseline	% delivered within service standard agreed	Baseline data to be captured 2016/17 and informing targets for 2017/18.
Delivery of effective payroll system and service that complement and supports the clients overall approach to paying its employees	Current	Payroll: percentage of pay made accurately and on time	Data Capture	High	99.65% accuracy (@June 2016)	99.7%	Target to be reviewed at quarter 3
	NEW	Number of individual payroll errors identified	Data Capture monthly collection	Medium	Baseline	Number/ month	Baseline during 2016/17 and target set for 2017/18
Overall satisfaction with TSC HR services	NEW	Annual survey of customer satisfaction and in year in-flight capture of feedback	Annual survey and in year feedback	High	Baseline	% satisfaction rating	Devise feedback methodology for 2016/17 and launch on an annual basis

Key Performance Indicator (KPI)			Service Metrics	Priority	Targets 2016/17	Targets 2017/18	Commentary
Provision of a responsive HR transaction service desk that efficiently deals with service requests and resolves any issues within its control to the satisfaction of customers	NEW	Percentage of issues resolved at first point of contact	Data Capture	High	Baseline	80%	Baseline activity will be undertaken during 2016/17 to review the adequacy of data supporting the production of these KPIs. Revised targets will be agreed for 2017/18 on the basis of that baselining activity.
	NEW	Percentage resolved within agreed service standards	Data Capture	High	Baseline	95%	
	NEW	Customer satisfaction with the service they received	Feedback responses	High	Baseline	80%	
Finance							
Provision of efficient and effective cash flow mechanisms to ensure correct and timely processing of clients' financial transactions	Current	Creation of invoices within 3 days of request	Data Capture	High	98%	99%	Review the adequacy of this indicator and review baseline activity during 2016/17 and consider revision for 2017/18.
	Current	Creation of credit notes within 3 days of request	Data Capture	Low	98%	99%	
	Current	Creation of write-off requests within 5 days of receiving an authorised request	Data Capture	Low	95%	95%	
	Current	Unallocated income in suspense and Fund 90 to be identified and allocated by the end of the month following month of receipt	Data Capture	Low	75%	80%	
	NEW	Accurate processing of all income within one day of receipt	Data Capture	High	Baseline	Percentage	Baseline activity will be undertaken during 2016/17 to review the adequacy of data supporting the production of these KPIs. Revised targets will be agreed for 2017/18 on
	NEW	Processing cash and cheques within 1 day of deposit	Data Capture	Low	Baseline	Percentage	
	NEW	Processing direct debits	Data Capture	Low	Baseline	Percentage	

Key Performance Indicator (KPI)			Service Metrics	Priority	Targets 2016/17	2017/18	Commentary
		within 1 day of receipt in bank account					the basis of that baselining activity.
	NEW	Processing card payments with 1 day of receipt into bank account	Data Capture	Low	Baseline	Percentage	
	Curre nt	Suppliers paid within terms based upon payments made within reporting period	Data Capture	High	97.7% (@June 2016)	98%	
Provision of a responsive transactional finance service desk that efficiently deals with service requests and resolves issues within control to customer satisfaction	NEW	Percentage of issues resolved at first point of contact	Data Capture	High	Baseline	80%	Baseline activity will be undertaken during 2016/17 to review the adequacy of data supporting the production of these KPIs. Revised targets will be agreed for 2017/18 on the basis of that baselining activity.
	NEW	Percentage resolved within agreed service standards	Data Capture	High	Baseline	95%	
	NEW	Customer satisfaction with the service they received	Feedback responses	High	Baseline	80%	

5. Overall Governance

5.1 The Transactional Service Centre (TSC) is part of the Finance Service in Cheshire West and Chester under the Director of Finance (Section 151 Officer), Mark Wynn. As a shared service the TSC reports into the Joint Officer Board which is governed by the Shared Service Joint Committee.

The TSC transition board, with Cheshire East client representation, was established to oversee the delivery of the (six-month) Business Plan providing governance and oversight of the delivery of the key Plan outcomes

The delivery of HR and Finance services are managed with each authority through monthly client liaison meetings and associated contractual performance reporting.

5.2 The Corporate Manager (Transactional Finance), with overall responsibility for the management and development of the TSC, was appointed on 1 July. The establishment of the TSC on a wider 'lift and shift' basis, bringing together the existing transactional services with the HR and Finance services of the former CoSocius Ltd brought together six direct reports to the Corporate Manager. The service is shortly to consult on a new management structure that will establish four key areas of business, see below. It is anticipated that the new management structure will be in place and operational in November 2016.

Role	Responsibilities	Role Holder
Corporate Manager (Transactional Finance)	Overall responsibility for the management and development of the TSC	Ian Kirby
Transactional Services Manager (Recruitment & Pay)	Transactional HR and payroll services	Subject to job consultation and recruitment
Transactional Services Manager (Finance, Billing & Debt)	Council Tax, AR, AP and Corporate Debt	Subject to job consultation and recruitment
Transactional Services Manager (Assessment)	Housing benefit and client finance	Subject to job consultation and recruitment
Quality Assurance & Delivery Manager	Statutory, contractual and local performance management; improvement, customer service and key client contact	Subject to job consultation and recruitment

*This management structure is subject to consultation with key stakeholders including affected employees and recognised trades unions.

6. Operational Governance

6.1 Policy Framework

As a Cheshire West and Chester Council hosted service, the TSC will generally operate under the policies and procedures of the host Council. However where services are delivered against different organisations' policies and procedures, for example payroll and HR, then the service will either pursue a policy of standardisation where this is appropriate and/or deliver a service that meets the requirement of the client organisation.

6.2 Demand Management

A key efficiency driver for the TSC will be reducing unnecessary demand placed on the service, and its customers, resulting from failure, preventable and avoidable demand. Activity to support this approach will include updating and improving processes and procedures which may include embracing new and more accessible technologies; enforcing policies and key financial controls that already exist; and being explicit about relative roles and responsibilities for all of the services that the service delivers.

6.3 Pricing Strategy

The TSC will seek to provide efficient and effective services that provide value for money and maximise retained and, where appropriate, new business as a provider of choice. It will operate on a commercial basis, seeking to recover the full cost for the provision of those services and working with existing customers to provide a reasonable approach to the closure of any 'subsidy' gaps in current delivery arrangements.

The TSC will deliver services using a service catalogue approach with a sophisticated payment mechanism that offers the customer a degree of flexibility and choice and in so doing drives and incentivises positive customer behaviour, efficient and effective service delivery and a culture of continuous improvement.

6.4 Employee Management

The TSC, as a whole, will adopt the Cheshire West HR policy and procedures for the management of its staff. The Council has enhanced its performance management process and has moved employees from time-served increments pay to contribution based pay.

All staff will take part in the annual performance management process and be measured against a set of behavioural competencies and objectives. Regular review of performance against both the competencies and key objectives will be undertaken throughout the year.

The new competency framework outlines the value-based behavioural competencies that apply to all staff. The framework is a fundamental element of performance management. The THRIVE competences for all staff are:

- Teamwork
- Honesty
- Respect
- Innovation
- Value for Money
- Empowerment

6.5 Training & Development

The service is committed to the delivery of quality services and will support its employees to be the best they can be through an effective programme of training and development opportunities linked to the contribution related appraisal process.

Training will be delivered through a mixture of classroom, e-Learning, guidance notes and manuals and shadowing/mentoring. Training delivery will be dependent on the coverage required, the relevance to the delivery of the service's key objectives and the cost of training/development versus the potential impact on the quality of service delivery.

6.6 Union Engagement

In order for the service to meet its current and future savings targets, the service will need to continue its programme of transformation and change. Working closely with the respective HR departments of Cheshire East and Cheshire West Councils the service will engage regularly and appropriately with staff and the recognised Unions.

6.7 Service Location

Presently, the TSC is located across three buildings (Goldsmith House, Chester; Civic Way, Ellesmere Port; and Wyvern House, Winsford). Operating across multiple locations presents some difficulties in operational management, but in particular inhibits the ability to develop a 'one service' identity and culture.

The location issues are of particular concern in Goldsmith House, Chester. This building has been earmarked for demolition as part of the development of the 'Northgate' area of the city centre and although this is not anticipated prior January 2019, it does limit the desire to invest in infrastructure and technology to support a modern agile workforce. It is important therefore that the service and its interests are strongly represented on the Council's asset rationalisation programme.

In support of the asset rationalisation programme and the development of the service, the TSC will embrace the principles of flexible, agile, mobile and home working where it is appropriate to do so and where the technology and workload supports this approach.

6.8 Performance Reporting

On a monthly basis the TSC is reporting contractually agreed performance measures to client teams within both Cheshire East and Cheshire West councils. This is largely an inherited process that has continued following the transfer of services back to a shared arrangement. The content and impact of the measures is under regular review and, as part of the 2016/17 baselining and review process identified in section 4 for the Performance Management Framework, final 2016/17 suite of measures will be agreed with clients as part of the on-going dialogue between the service and its clients. Notwithstanding this review, service performance will continue to be reported to clients on a monthly basis.

7. High Level Milestones

Shared Service Joint Committee sign-off	23 September 2016
Target Operating Model (TOM) Live - Business Plan Draft documents in place from but still being developed through to start of Transformation phase in April 2017 - Service Catalogue - Payment Mechanism	1 October 2016
New Management Team in place	15 November 2016
Consultation on wider restructure of TSC (completed)	1 April 2017
Demand Management - Review and potential removal of imprest - Increased use of visa card for low value items - E-payslip take up - Increased e-Communications	On or before 1 April 2017

8. Risks & Opportunities

8.1 Risks

The Service monitors and reports its key risks as part of the Cheshire West and Chester quarterly 'Holistic' reporting framework. Following management review, the TSC has identified the following headline risks, with cause and mitigating actions:

Risk	Cause	Mitigating Actions
Poor staff well-being and culture	• Loss of key staff and expertise • Uncertainty over restructures and change • Lack of service identity • Teams continue to work in silos	• Communication plan including staff briefings and events • Develop more cross-working across grade • Support the Finance Staff Well-being Action Group • Plan for staff departures, handovers • Support asset realisation including approaches to flexible, agile, mobile and home working
The impact of statutory changes such as Universal Credit	• Central Government policy change that impacts upon the service • Uncertainty/delays in implementation timing	• Assess/quantify the impact of proposed changes • Establish sector/service specific networking to support developments and minimise impact
The achievement of financial targets **Service Modernisation**	• Incorrect data related to Business As Usual/inherited costs • Failure to realise savings targets • Service does not transform at the rate and/or pace required to achieve targets	• Budget management/forecasting and challenge on a monthly basis • A programme management approach to transformation that includes benefits realisation targets, new ways of working and links to both ERP and Digital agendas • A strategy for 'demand management' that seeks to achieve efficiencies by diverting both service and business processes to more efficient methods

Risk	Cause	Mitigating Actions
Failure to meet client expectations **Negative impacts of core technology and/or changes to key systems**	• Range of clients and differing requirements • Changes to policies people and pay • Failure of, resource requirement and cost of changes within the core system • Lack of consultation on system changes	• Standardisation as a key driver for service improvement • Comprehensive and timely communication with the service • Playing an integral part in the development of requirements for the ERP replacement programme • Effective communication channels in place
Failure to grow and/or retain business	• ASDVs and Academies choose different providers • Oracle licensing restrictions • Lack of resource/expertise identified for transfer into TSC with functionality	• Effective communication with ASDVs and existing and converting academies • Proactive negotiations with Oracle • Playing an integral part in the development of requirements for the ERP replacement programme • Job shadowing and cross-departmental training • Liaison meetings and communications

8.2 Opportunities

The development of the TSC provides a number of opportunities to review existing operations and develop 'best practice' processes and procedures delivering value for money on behalf of all its customers:

Opportunity	Owner	Commentary
Demand management	Corporate Manager	The opportunity to review existing processes, policies and procedures to drive out failure, avoidable and preventable demand upon the service and remove unnecessary administrative burdens, for clients, within their services. Examples may

Opportunity	Owner	Commentary
		include: • The elimination of imprest accounts • Increased use of visa cards for smaller value purchasing • Diversion from the use of cheques to increase BACS payments • Enforcing pay rules and deadlines
ERP Replacement	Corporate Manager	Ensuring that the needs and interests of the service are fed into the process for requirements gathering, market testing and procurement of the replacement the current ERP solution.
Streamlined services	Corporate Manager with external Business Analyst support	Driving out inefficient/duplicated processes, procedures and antiquated ways of working to deliver a leaner, value for money and value adding service offering to all TSC customers.
Business growth and retention	Corporate Manager	Delivering an effective, value for money service offering that encourages business retention and seeks to attract new business opportunities.

9. Financial Information

9.1 Budget and Cost Base

The Transactional Shared Service operates with a gross budget of £4.767m in 2016-17, funded from a combination of charges to Councils, Schools, Academies, Council owned companies and other bodies. Current budgets and funding sources are set out below.

Costs	£000s	Funding	£000s
Staffing		Council Funding	
Operational Teams	2,929	CWAC	1,375
Supervision & Support	537	CEC	1,407
	3,466		**2,782**
Non Staffing			
Print/Postage	220	Other Funding	
Rental Costs	360	Schools	1,318
Oracle Access Charges	618	Academies/ASDVs	667
Running Costs	103		**1,985**
	1,301		
	4,767		**4,767**

These budgets already incorporate the £0.5m saving target agreed for 2016-17 which is being delivered through the implementation of new management structures, efficiencies against non-staffing budgets and generation of additional income. At the outset of this business planning period (October 2016) a proportion of these savings (£139k) are still to be delivered but there are clear actions in place to secure the remainder of the savings before March 2017.

As the shared service goes forward, these revised structure and savings will be embedded within its new target operating model. The costs outlined above do not reflect any changes to funding levels that may be required in 2017-18 following the two Councils' budget setting processes.

9.2 Service Catalogue Development

During the first 6 months of 2016-17 the Transactional Service Centre has re-analysed its cost base to support the development of a service catalogue with the aim of providing greater cost transparency and choice to its customers as well as valuable management information to help drive operational efficiencies.

This service catalogue and its accompanying payment mechanism will describe each individual service or product offered through the TSC shared service and set out the cost or price of that service. That pricing will reflect the cost incurred to provide the service and the extent to which each customer utilises the service.

The catalogue will evolve over the 18 months covered by this Business Plan. In the first six months, to March 2017, the catalogue will largely run in shadow form and will not directly determine the contributions made by each customer. This is to give each Council budget certainty and allow the catalogue to be further developed. In its initial form the catalogue will still link the charges to each Council to the scale of services received, and enable them to be flexed appropriately as that demand rises or falls. By April 2017 the catalogue is expected to be able to give Councils greater discretion to vary the mix of services that they opt into and for TSC to offer enhanced or customised services where appropriate.

9.3 Cross Subsidisation

The initial indications from the catalogue working are that the amounts currently being charged to the services core clients (CWAC and CEC) are broadly appropriate both in totality and relative to each other. Similarly, following pricing increases at the last renewal date the costs of support provided to schools is being covered through the charges being raised.

The only areas where material differences remain are in relation to academies and certain Council arms-length companies. In this case the income being raise does not fully cover the share of costs with the shortfall being reflected in higher costs to the Council. This will be considered as part of the future pricing policy for such bodies.

This will need to balance future price increases with the need to retain core business. While not covering their full share of costs, the income being raised from external bodies already more than cover their variable costs and as such they are making a contribution to funding the service's overheads.

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Transactional Service Centre
Shared Services

Draft Service Catalogue

01-Oct-2016

Cheshire East Council

Cheshire West and Chester

INTRODUCTION

This Service Catalogue provides a breakdown of the six high level products or service offerings by the Transactional Service Centre (TSC) shared service as identified within the CWAC e-CWIP catalogue and should be read in conjunction with the detailed e-catalogue (excel spreadsheet) which can be made available on request.

The six services offering are

1. **Managed Payroll Service**
2. **Recruitment Service**
3. **DBS Service**
4. **Contract Administration Service**
5. **Accounts Receivable (AR) & Cash Management Service**
6. **Accounts Payable (AP) Service**

Section 1 provides a list of the products within each service area and Section 2 provides a more detailed breakdown of those products.

In addition an e-catalogue (excel spreadsheet) version of the Service Catalogue has been developed that provides volumetric data by Client to allow a 'drill down' view of all TSC shared service activity together with known volume data of the product, finance process description, and where necessary provides further details of the task where appropriate.

Service Categories

The eCWIP catalogue documents made available in April 2016 identify the service categories appropriate to each process within a product such as core, core enhanced, tailored or traded. It is anticipated that as work continues to examine each product in more detail some of the categories may change, which will offer more choice and flexibility to both TSC and its customers on how the overall service is shaped and purchased.

SECTION 1 - This is a high level summary of the products that TSC offers.

1. Managed Payroll Service

The Managed Payroll Service is broken down into 19 products:

1. Electronic Data Submission
2. Third Party Communication
3. Statutory transactions
4. Statutory Compliance
5. Payslips
6. Support to Financial Year-end Processing
7. Pensionable Pay Administration
8. Employee Support
9. Pension Auto-enrolment
10. Administration of Salary Sacrifice Scheme(s)
11. Supplementary Payroll
12. Emergency Payments
13. Reporting (Management Information)
14. Voluntary Deductions
15. Monthly Reconciliation and Payovers
16. Employee Information
17. Overpayments Salary Adjustments
18. Support to annual (External) audit process and HMRC Review
19. Business Relationship Management (BRM)

2. Recruitment Service

The Managed Recruitment Service is broken down into 3 products:

1. Managed Recruitment System (Taleo & VMP)
2. Managed Pre-employment Checks
3. Reporting (Management Information)

3. Managed DBS Service

The Managed DBS Service is broken down into 2 products:

1. Fully managed secure DBS Service
2. Reporting (Management Information)

4. Contractual Administration Service

The Contractual Administration Service is broken down into 11 products:

1. Starters
2. Change of Employment
3. Leavers
4. Absence, Maternity, Paternity, Adoption and Shared Parental leave
5. Pay Structures within the Oracle System
6. Customer Support
7. TUPE specific services
8. Restructure Support
9. Reporting (Management Information)
10. Policy and procedures
11. Employee Records System

5. Accounts Receivable (AR) & Cash Management Service

The Accounts Receivable (AR) & Cash Management Service is broken down into 9 products**:**

1. Lifecycle Management of Debtor Records
2. AR Transactions
3. AR Receipts
4. Unidentified and Unallocated Receipts
5. Issuing Reminders
6. Direct Debit (DD) Administration
7. Receipts Accounting
8. Daily Bank Statement Import and Reconciliation
9. Internal Trading and Transfers

6. Accounts Payable (AP) Service

The Accounts Payable (AP) Service is broken down into 21 products:

1. Supplier Records and Catalogues
2. Purchase Orders (PO)
3. PO Invoice Processing
4. Interface Invoice Processing
5. Management and Resolution of Duplicate Payments
6. Internal and External Helpdesk Support
7. Business Information & Reporting
8. Imprest Account Management
9. Non-PO Invoice Processing
10. Cheque Payments
11. Emergency (CHAPS) and Specialist Payments Processing
12. Paper Remittance Advice
13. Exception Payment Processing
14. QUICK Invoicing
15. HMRC Tax Deduction Processing & Control (CIS)
16. Supplier Portal
17. National Fraud Initiative (NFI)
18. Credit/Purchase Card Management
19. Resolution of ‘unaccounted’ transactions
20. Support to annual (External) audit process and HMRC Review
21. Business Relationship Management (BRM)

SECTION 2 – Provides a more detailed breakdown of the products in Section 1.

Managed Payroll Service

A BACS accredited end to end payroll service delivering a Managed Payroll Service, on a variety of paydays to over 60,000 employees, councillors and pensioners. The Managed Payroll Service is further broken down into 19 products:

1. <u>Electronic Data Submission</u>

The electronic submission and download of static data such as new starters, changes to record and leavers together with variable data such as overtime, expenses and sickness absence into individual payroll records within a pay period, to ensure accurate and timely payment to all current and former (pensioner) employees.

Retention of payroll records and data is delivered in line with customer retention policy and statutory regulations.

2. <u>Third Party Communication</u>

Relates to employer obligated communications undertaken by the ESC and typically includes:

- HMRC
- LGPS pension scheme via agreed spreadsheet process for starters and leavers.
- Electronic communication to LGPS regarding retirements
- Teachers' Pension Scheme via TP portal
- NHS Pension Scheme via NHS spreadsheets
- Issue of P45
- Notification to Courts
- Third Party Providers for example Medicash, Salary Sacrifice
- Communication with individuals in relation to Statutory/Occupational Sickness and Maternity entitlements

3. <u>Statutory Transactions</u>

Statutory Payments

- Maternity (SMP), sickness (SSP), Statutory Adoption Pay (SAP), shared parental pay (SHPP), PAYE Settlements, Class 1As
- Class 1As – manage process, calculate and raise payment to HMRC

Statutory Deductions

- PAYE (including taxation at source), NIC, Student Loans, Court Orders (AEOs, DEOs, Council Tax, Child Maintenance Service)
- Pension contributions to agreed pension schemes
- Application of Auto-enrolment Regulations and Notification to Pension Scheme
- PAYE Settlements – manage process, calculate and raise payment to HMRC.
- Issuing of SSP1s (sickness), SMP1s (maternity)

4. Statutory Compliance

This relates to the reporting of statutory pay related activity: Real Time Information (RTI) reporting of PAYE; Full Payment Submission (FPS); Employer Payment Summary (EPS); Early Year Update (EYU); under/over-recovery of statutory and non-statutory pay

Statutory Payments reporting will also cover:

- Annual uplift of tax codes as per HMRC
- Verification and application of Employee Tax Codes (P6 & P9) Data
- As an agent, the TSC can liaise and manage the HMRC appeals process against penalties and previous years' discrepancies

Statutory information is held in line with retention regulations.

5. Payslips

The provision of comprehensive, statutory compliant electronic or paper payslips. Payslips will typically include:

- Description of payment
- Description of deduction
- Key employee info
- Tax Office Information
- Net pay distribution details
- Tax detail
- Optional messages to employees

6. Support to Financial Year-end Processing

A range of activity to support the year-end that includes:

- Reconciliation of payroll year end (final checks and balances re P18 in month reconciliation)
- Statutory Returns by deadline, final FPS, final EPS
- Pension Returns by deadline, Teachers Annual Service Return, Teachers End of Year Certificate, LGS50s and HNS Return
- P60 Production, validation and despatch by statutory deadline
- Liaison with customers' auditors regarding audit of returns

7. Pensionable Pay Administration

Communication with scheme administrators regarding the application of:

- Occupational Pension Schemes
- Deduction of pension contributions at correct tier and re-banding as required
- Implementation of scheme changes
- Calculation of pensionable pay on request from LGPS scheme administrator
- Completion of service history on request from TPA or LGPS scheme administrator
- Reporting and administration (notification of starters, changes and leavers).
- Provision of data admission information following TUPE

8. Employee Support

The provision of a number of communication channels to enable employees/pensioners to contact the service:

- Shared support line number with office hours cover, offering general advice
- Dedicated contact for the organisation or specific team
- Email or phone contact based on complexity or urgency
- Immediate response and resolution at first point of contact or triage service by subject matter specialists

9. Pension Auto-enrolment

Auto enrolment makes it compulsory for employers to automatically enrol their eligible workers into a pension scheme, the service will:

- Manage staging and re-enrolment dates
- Communicate with scheme administrators and employers regarding the application of auto-enrolment process
- Deduct pension contributions at correct tier and re-banding as required

10. Administration of Salary Sacrifice Scheme(s)

To support employer schemes by:

- On boarding and off boarding into schemes
- Management of ad-hoc adjustments around non-steady state for example when in receipt of statutory payments only or during periods of no pay
- Annual assessment for child care voucher schemes
- Support of HMRC approval process
- Support to HR/Finance on payment queries
- Calculation of any Class 1A contributions and completion of the statutory return
- Payment of Class 1A NICs
- Administration of new and ongoing, HMRC approved Salary Sacrifice Schemes
- Invoicing of outstanding salary sacrifice balance for leavers
- Employee query handling

11. Supplementary Payroll

An agreed number of supplementary payrolls per year, run on agreed scheduled dates for the payment of basic pay or termination payments, and including returns from sickness and maternity.

12. Emergency Payments

Covering any emergency payment that may be processed using

- Supplementary payroll
- CHAPS
- BACS

13. Reporting (Management Information)

The provision of an agreed suite of management information reports to include:

- Pre-defined, standard suite
- Client pay validation reports
- Periodic reporting outside of day to day scope
- Ad hoc analysis for particular projects

14. Voluntary Deductions

The management of voluntary deductions from pay including:

- Deductions from salary for an agreed number voluntary schemes for example Medicash, Credit Unions
- Monthly amendments and annual uplifts
- Monthly reconciliation of payments and electronic pay over to third parties

15. Monthly Reconciliation and Payovers

In line with statutory and set deadlines the service will undertake:

- Costing and import payroll in GL
- In month reconciliation of payrolls, investigation of discrepancies and corrective action
- Calculation and electronic pay-over of statutory payments
- Completion and despatch of payment remittances
- Calculation and pay-over of voluntary deductions
- Completion and despatch of payment remittances

16. Employee Information

To manage and provide employee information where appropriate, to include:

- Respond on client behalf to approved requests for information such as DWP/other agencies, mortgage requests, solicitor requests for third party claims
- Management of QB9 process, including court appearance where necessary
- Jury Service forms

17. Overpayments Salary Adjustments

The calculation and recovery of 'gross' and 'net' overpayments, to include:

- Correspondence and liaison with the service manager
- Statutory notifications to HMRC regarding previous years' adjustments.

18. Support to annual (External) audit process and HMRC Review

19. Business Relationship Management (BRM)

BRM seeks to foster and maintain positive and trusted relationships between customers, council services and partner organisations by working with key stakeholders, in a key advocacy role, to create and maintain a robust communication framework to optimise service delivery and customer satisfaction.

Core activity will encompass:

- Building Relationships, establishing and maintaining strategic relationships with customer and business stakeholders
- Customer Champion, providing an escalation point for stakeholders in the event of service failure
- Maximising Value & Capability, translating business requirements into service capabilities
- Business Development, identifying and supporting opportunities for business growth
- Contract Management, monitoring and management of contract performance

Recruitment Services

The provision of a Managed Recruitment Service through to confirmation of employment. The Managed Recruitment Service is further broken down into 3 products:

1. Managed Recruitment System (Taleo & VMP)

Management of and the provision of access to electronic systems to help both Councils manage their end to end recruitment.

2. Managed Pre-employment Checks

Commencing at offer letter, this service supports the Councils in determining the legitimacy of successful candidates prior to their commencement of employment and includes:

- Pre-employment medical screening
- DBS
- Eligibility to work in the UK
- Collection of written references where there is a statutory and/or client requirement
- Creation and maintenance of electronic personal file from new starter notification and communication with employee
- Generation and issue of contracts of employment
- Verification of RPMO Service

3. Reporting (Management Information)

The provision of agreed and bespoke 'recruitment' specific management information reports (derived from recruitment systems).

Managed DBS Service

Disclosure and Barring Service (DBS) checks are a critical part of the safeguarding process for staff with access to vulnerable adults and children or those in certain prescribed roles. The Managed DBS Service is further broken down into 2 products:

1. Fully managed secure DBS Service

The provision of an E-bulk service which submits the application form electronically to the DBS for processing. The service will typically include:

- The facility to do a Basic, Standard or Enhanced check
- An 'intelligent' form for applicants to complete
- Online validation before submission
- E-bulk technology allowing electronic transfer to the DBS
- Auto generated notifications
- Provision of guidance on DBS legislation
- Translation of the Code of conduct Certificate
- TP On-line barred list check
- Taking payments at point of sale

2. Reporting (Management Information)

The provision of agreed and bespoke 'DBS' specific management information.

Contractual Administration Service

Contractual Administration within the Employee Service Centre covers the processing of information for starters, leavers and changes that are specific to the individual employee. The Contractual Administration Service is further broken down into 11 products:

1. Starters

Following on from 'pre-employment' services and the issue of a confirmation letter of employment, the creation and management of an employee record that will typically include:

- Next of kin
- Emergency contact
- Diversity information
- Personal details
- In line with policy, the service will also generate and issue probationary review documentation and issue confirmation letter of employment after a successful probationary period.

2. Change of Employment

The procedural and systems management of changes to an employee's employment terms. This will include the issue of documentation to reflect changes to contract of employment on receipt of a self-service notification and relates to circumstances such as:

- Organisational changes/location
- Job role: promotion, acting up, protection, redeployment
- Change in hours
- Extension to temporary contracts
- Permanent/Temporary changes

This will include the maintenance of the electronic personal file with notification and communication with employee.

3. Leavers

The termination of an employee record through to confirmation of ending employment. The leavers' process will typically cover the following:

- Acknowledgement, creation and issue of resignation on receipt of leavers notification
- Issue of leavers' checklist to manager
- Issue exit interview documentation/guidance to grandparent manager
- Issue of leavers questionnaire and exit interview documentation to employee
- Closure of employee HR record
- Long service awards
- Archiving of electronic personal file (in accordance with retention policies)

4. Absence, Maternity, Paternity, Adoption and Shared Parental leave

In accordance with statutory and policy guidelines, this service relates to the management of documentation, communication, links to payroll and maintenance of systems/records

5. Pay Structures within the Oracle System

The creation, maintenance and removal of pay scales in line with statutory changes, employee and employer requirements.

- On receipt of instruction from the employer, employer specific pay scales will be created, maintained and removed from the system to ensure users view is accurate at all times
- Implementation of annual, and any additional, pay award for all staff affected
- Uploading roles and grading outcome following evaluation.

6. Customer Support

The continued provision of training courses and support, via the training catalogue, to support users communicating with the TSC, these include:

- Dashboard
- Self service
- Absence form
- Pay form
- Reporting
- Training modules
- Recruitment System (Taleo)
- DBS
- Oracle Performance Management (OPM)

Support and guidance is also provided for users that communicate electronically with the employee service centre.

7. TUPE specific services

For individuals who TUPE into an organisation the service will upload, create and maintain staffing details covering:

- Absences
- Addresses
- All balances
- Assignment information
- Bank details
- DBS details
- Element entries
- Employee details

- Grade step
- Tax details

For individuals who TUPE out of the organisation, under the same bullet headings, a suite of reports will be generated and issued; pay information on data admission spreadsheet for LGPS pension scheme will be completed; HR records will be closed on receipt of notification from employer; electronic personal file will be archived in accordance with retention policy; and p45 will be issued to authorised employee.

8. Restructure Support

On receipt of planned/negotiated restructure changes for implementation the service will facilitate changes within the system to ensure hierarchical and financial structures are accurate

9. Reporting (Management Information)

The provision of agreed and bespoke 'contractual change' specific management information reports.

10. Policy and procedures

- Amendments to system to reflect policy changes
- Testing and updates of system

11. Employee Records System

- Maintenance of employee record system
- Response to subject access requests
- Annual check of personal data held

Accounts Receivable (AR) & Cash Management

This service provides a complete AR lifecycle which includes all transactional activity to support the invoicing, accounting, receipting and reconciliation of transactions including those generated via interfaces from front line systems. The Accounts Receivable (AR) & Cash Management Service is further broken down into 9 products:

1. Lifecycle Management of Debtor Records

This service delivers the creation, amendment and management of the debtor file and specifically the following

- Validation requests for new customers
- Creation of customer records
- Creation and management of customer profiles, allowing different reminder processes to be allocated to customers
- Ongoing maintenance of records
- Merging of customer records upon request
- Direct Debit administration and Loading of bank details*
- Data cleansing
- Large (50+) volume customer loadings/changes

2. AR Transactions

This service creates amends and manages AR transactions and facilitates the generation of business documentation; inclusive of printing and fulfilment. Features include:

- Raising AR standard Invoices
  - More 4 Apps
  - Core Apps
  - Projects
- Raising credit memos
- Raising debit memos (refunds)
- Upon instruction, increase the value of an invoice, for example legal fees
- Writing off bad debt
- Printing and despatch of business documentation
- Write off small balances, in line with policy and instruction
- Validation and generation of invoices via direct interfaces (ContrOCC)
- Validation and generation of scheduled invoices (Standing Charges)
- Provision of copy documents

3. AR Receipts

The processing and allocation of receipts relating to AR Transactions to account for monies and compliant with financial requirements, prevailing legislation and Data Protection requirements. Features include the receipt and allocation of:

- Cash and cheque payments
- Direct debit payments
- Payments received in the bank account
- Debit and credit card payments

And the:

- Bulk processing of receipts via Lockbox
- Banking of receipts

4. Unidentified and Unallocated Receipts

The provision of an investigation service to resolve unidentified and unallocated receipts, to facilitate correct allocation of income and including:

- Maintenance of receipts to ensure transfer to correct record
- Transfer of receipts if customer has overpaid on AR but owes money in another area
- Refund if money has been paid twice or in error

5. Issuing Reminders

The generation and despatch of reminders (or Dunning) to commence the process of collecting outstanding invoice balances. Typically this will include the:

- Creation of customer profiles which allows for different reminder processes to be allocated to customers by type
- Amendments to customer profiles to change reminder process using a customer 'type'
- Dunning letters generated and sent

6. Direct Debit (DD) Administration

The timely collection and allocation of income through the DD process.

7. Receipts Accounting

This service facilitates the banking and creation of accounting entries to reflect income received through the cash receipting and income management systems and into the GL. Typically the service will include the:

- Banking of cheques into correct accounts
- Processing of journal entries
- Processing of income receipts
- Import and processing of electronic files for income received
- Identification and investigation of discrepancies

8. Daily Bank Statement Import and Reconciliation

The service will facilitate the import of the bank statement and auto-reconciliation activity to allocate banking lines and includes manual investigate activity to aid identification and complete allocation of all banked income.

9. Internal Trading and Transfers

The provision of an accurate and timely internal billing facility to support the internal procurement of goods and services; these are processed into the general ledger and include the transfer between ledger codes for internal trading.

Accounts Payable (AP)

A fully compliant, BACS Accredited service providing an end to end purchase to payment facility for the full lifecycle and supporting the AP process using best practice electronic methods including scanning and workflow approvals. The service also provides interface management to generate payments from front line systems. The Accounts Payable (AP) Service is further broken down into 21 products:

1. Supplier Records and Catalogues

The creation, amendment and management of supplier records to ensure an accurate, complete and up-to-date creditor file to support the purchasing activity. Typical activity will include the:

- Validation of requests for new suppliers
- Creation of the supplier header record
- Categorisation of supplier types for reporting purposes
- Loading of bank details and email addresses electronic working
- Loading of Construction Industry Scheme (CIS) details
- Ongoing maintenance of all records to ensure they are accurate and up to date
- Validation of supplier changes liaising directly with the supplier to prevent fraudulent activity
- De-activation of supplier records as appropriate
- Loading and maintenance of supplier catalogues
- Provision of self-service functionality through the Supplier Portal
- Annual cleansing of data
- Support annual exercise for conversion from cheque to BACS
- Interface supplier records from an external application
- The creation and maintenance of internal trading supplier records

2. Purchase Orders (PO)

A process which facilitates the creation; processing; maintenance; including final closure, and despatch of POs to facilitate prompt payment to suppliers.

3. PO Invoice Processing

This service includes the paying of suppliers for goods and services purchased via agreed, fully auditable processes which ensure accurate and timely payments are made within terms of trade. Typically this service will include:

- Receipting and scanning of paper invoices and credit notes
- Three way matching to Purchase Orders
- Processing POs within agreed tolerance levels
- Returning invalid, finally closed or missing POs to customer for amendment, to facilitate monitoring and best practice

- Dealing with complications and process failures for call-off orders
- Receipting and processing of electronically received invoices and their matching to Purchase Orders.
- Off-setting credit notes against pending invoices
- Supporting the resolution of invoice holds by customers through workflows
- Providing self-service functionality for registered suppliers to submit and track their invoices (Supplier Portal)
- Processing and BACS pay invoices that are payment ready in line with terms of trade
- Generating and despatching e-Remittances
- Reconciling all AP activity against GL postings daily
- Cheque payments where bank details not provided
- CHAPS payments for urgently required payments
- Generating and despatching paper remittances
- Supporting the customer in resolving holds which causing delays in payments
- Processing invoices to support internal trading
- Exception Payment Processing

4. <u>Interface Invoice Processing</u>

This service involves the payment of suppliers for goods and services through the submission of interfaced data submitted by the Councils and would include:

- Importing and processing electronically received invoices
- Resolving interface errors or rejections
- Processing payments by BACS
- Reconciling interface imports against GL postings
- Cheque payments where bank details not provided
- CHAPS payments for urgently required payments

5. <u>Management and Resolution of Duplicate Payments</u>

This service manages and recovers incorrect supplier payments ensuring that returned funds are registered back to appropriate financial systems accurately and efficiently. Typical activity will include the:

- Identification of incorrect payments through supplier communication, helpdesk calls or written communication
- Management of returned payments
- The accurate recording of all amended transactions
- Processing of recovery instruction on AP
- Reconciling of all AP activity against GL postings daily
- Accessing of bank account to identify suppliers refunds
- Undertaking recovery of aged credit balances
- Contacting unresponsive suppliers to ensure risk of non-recovery is reduced
- Referral of outstanding debt/recoveries for further investigation by their debt recovery or legal teams

6. Internal and External Helpdesk Support

The provision of a single point of contact via helpdesk and email, with dedicated email addresses to support suppliers and creditors with queries and the resolution of problems.

7. Business Information & Reporting

The provision of standard and bespoke management information which enables the identification of trends, drives change programs, enforces compliance and supports financial decision making.

8. Imprest Account Management

A service that typically includes:

- Management of account application and approval processes
- Liaison with bank to set up new accounts or account changes
- Management of credit levels based on relevant authorisations
- Maintenance of account levels through the processing and balancing of periodic claims submitted by customer and the generation of periodic credits.
- Administration of system to allocate spending to GL accounts.
- Maintenance of a central register of account holders with reconciliation to customer records
- Reimbursement of periodic claims
- Annual audit of balances held
- CHAPS payments for late submissions or requests for increase in balances

9. Non-PO Invoice Processing

This service allows, through a variety of payment methodologies, the ability to process payments where a purchase order has not been raised.

10. Cheque Payments

Where bank details are unavailable or for one-off payments, cheque payments, including cheque printing, can be generated and managed to provide a flexible payment methodology.

11. Emergency (CHAPS) and Specialist Payments Processing

Where urgent payments are required this service enables payments to be made on the same day to a supplier's bank account, in addition priority or standard payments can be made to foreign bank accounts.

12. Paper Remittance Advice

Where electronic methods are unavailable, this service provides a flexible approach by generating and dispatching a paper remittance advice to suppliers.

13. Exception Payment Processing

This service provides the ability to process a pre-approved payment prior to receipt where a PO may not be a suitable option such as utility bills or there is no invoice available such as HMRC pay over and grants.

14. QUICK Invoicing

This service allows local entry of non-PO invoices providing a flexible and reactive way to process invoices outside of the usual routes. This process is supported by image rendering and workflow approvals so that invoices paid in this manner are still completed in line with audit requirements and business need.

15. HMRC Tax Deduction Processing & Control (CIS)

This service manages the Construction Industry Scheme (CIS) payments through AP in line with the current HMRC regulations.

16. Supplier Portal

A web based Portal which allows suppliers to review their own invoices being processed for payment, create invoices and manage their supplier details, giving access to real time information and security of data. Typical activity to support the Portal includes:

- Loading and maintaining supplier catalogue content, stores and smart forms into I-Procurement
- Configuring I-Procurement purchasing module, including the Self Service Supplier Portal and management of supplier accesses
- Maintaining smart forms

17. National Fraud Initiative (NFI)

Supporting both Councils with their requirements to undertake NFI audits, typically this will include:

- Generating reports for submission to NFI
- Accessing NFI portal to facilitate investigation and resolution
- Reviewing and investigating possible duplicate supplier records, purchase orders or invoices
- Reporting results back to NFI and customer audit teams
- Amending financial systems to reflect any adjustments made

18. Credit/Purchase Card Management

A PCI compliant managed credit card service delivering consistent standards and processes to support alternative purchasing mechanisms. Activity includes:

- Allocation of new/replacement credit cards
- Maintenance of permanent and temporary credit levels and card limits
- Maintenance of a central register of cardholders and approvers.
- Credit card pre-defined merchant spend management
- Assistance to monitor/manage unauthorised/fraudulent/inappropriate use
- Generation of reports from card management system
- Extraction of transaction data from card management system

19. Resolution of 'unaccounted' transactions

20. Support to annual (External) audit process and HMRC Review

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- Contract Management, monitoring and management of contract performance