Lead topic: National Shared Services Office	Sub-topic: Shared Services	Contact: Hilary Murphy-Fagan (Mob 086 0263177) Joan Curry (Mob 086 0202873)

FAST FACTS

Shared Service Vote

A dedicated Vote has been in place since 2013 to support the Civil Service Shared Services programme committed to in the *Public Service Reform Plan*. The Accounting Officer for the Vote is the Secretary General of the Department of Public Expenditure and Reform.

National Shared Services Office

The National Shared Services Office (NSSO) is leading on Shared Services strategy and the implementation of Shared Services projects and operations within my Department. The NSSO is directly responsible for overseeing Shared Services projects and operations within the civil service. As part of its wider leadership role, it provides expert guidance and support to other public service sectors in progressing their shared service commitments.

Statutory Establishment

At the Cabinet Meeting in July, the Government approved the establishment of the National Shared Services Office on a statutory basis. Work is underway on drafting the legislation to establish the NSSO as a new Civil Service Office under the aegis of the Department of Public Expenditure and Reform.

Shared Services Programme Progress

Shared Services is the biggest cross-cutting transformational change the Civil Service has experienced. Significant progress has been made in the past three years. There are currently two shared services operations underway in the Civil Service. PeoplePoint is now providing HR and pensions administration services for 35 organisations with approximately 30,000 employees. The Payroll Shared Service Centre is administering payroll and certain related payments for 34 organisations with 43,000 payees, including 12,000 pensioners. In addition, the evaluation of tenders for single financial management solution for the civil service is nearing completion.

Shared Service projects are also advancing in the public service, with MyPay in Local Government, HBS in the Health and other projects being advanced in Education. The NSSO continues to provide support and guidance to these initiatives within the sectors in relation to areas such as shared service project methodology, governance and customer service management.

Q&A

The Shared Services Vote

Question

Why has a separate Vote been established for shared services?

The Shared Service Vote was created in January 2013 to support the civil service shared services programme committed to in the *Public Service Reform Plan*. The Shared Services Vote is the financial control and administration vehicle for civil service shared service projects and operations.

Question

How much has been spent on shared service projects 2011-2014?

Project	**2011**	**2012**	**2013**	**2014**	**TOTAL 2011-2014**	**Cumulative Budget Provision**
Payroll	NIL	67,650*	3,559,407	4,068,637	7,695,694	**10,395,000**
PeoplePoint	5,000*	5,338,615*	6,577,407	3,633,878	15,554,900	**15,427,445**
Financial Management	NIL	NIL	262,461	1,674,724	1,937,185	**8,623,000**

* All costs incurred by DPER Vote prior to establishment of Shared Services Vote 1 January 2013

PROJECT SAVINGS 2011-2014

€9,258m - primarily due to delays in onboarding organisations into PSSC and delays in the FMSS project

PROJECTS 2015

Project	**Budget Provision 2015**	**Spend to end October 2015**	**Forecasted Variance to year end 2015**
Payroll	3,547,000	1,477,771	1,555,000
PeoplePoint	2,077,000	1,269,868	(311,000)
Financial Management	10,426,000	1,696,580	7,737,000

FORECASTED PROJECT SAVINGS 2015

€8,981m - primarily caused by the delay in onboarding DFIN payroll and the resource constraints on the FMSS project.

FORECASTED SAVINGS on the OVERALL SHARED SERVICES VOTE 2015

€14.2M – of which circa €5m in pay savings associated with delay in onboarding of staff to PSSC and to FMSS Project

Question

How is the performance of shared services being measured?

A benefits realisation model for the benefits directly arising from Peoplepoint Operations has been developed. It comprises Operational Performance Indicators to measure the performance of the shared service centre against strategic objectives such as customer satisfaction and service delivery against service management agreements.

These performance indicators are reported on a monthly basis to the HR SSC Programme Board.

A similar benefits realisation model is currently being developed for the Payroll Shared Service Centre.

Question

Is there a charge to Departments and other bodies for shared services?

Yes there is.

In the case of PeoplePoint, **€2.5million was recouped** into the Shared Services Vote **in 2014.** The Department of Public Expenditure and Reform bore 75% of the operational costs for 2014 with each participating Department/Office contributing a proportion of the 25% of the total operational costs (based upon their headcount and when they came online for service). It is forecast that €4million will be recouped in 2015.

The model for the Payroll Shared Service Centre (PSSC) is being achieved by suppressing the payroll budgets of client Departments /Offices as they become customers of the PSSC. As each payroll migrates to the PSSC, the associated budget allocation is suppressed, reducing the call on the Exchequer accordingly. Just over €5 million of payroll budget was suppressed in 2015.

Question

What efficiencies are being achieved in the public service from shared services?

Shared Services is a key element of the Public Service Reform Plan and a core priority for my Department. The National Shared Services Office (NSSO) within my Department is leading on shared service strategy and implementation within the overall Reform and Renewal context.

Shared services improves management insights to support more informed decision making within PSBs and across central government. This is achieved through standardising data sets, addressing common information requirements and sharing of cost effective standard technology solutions.

- Shared Services allow Public Service Bodies have the right balance of retained knowledge and increased strategic expertise to focus on the core business of their Department.
- Shared Services free up resources to support core government services and priorities for front-line services, creates harmonisation opportunities increasing policy compliance across Departments and drives processing excellence, efficiency and scalability.
- Shared Services is not a short-term efficiency measure. Both public and private sector best practice indicates that benefits are generally realised over three to five years following the transitioning of all customers into the new service.
- Over the medium term, Shared Services delivers effective and efficient corporate services through the adoption of standardised processes for repeatable transactions, thereby improving performance and reducing duplication of effort and avoidance of procuring expensive highly customised individual solutions in response to new and emerging requirements.

<u>Question</u>

What are the costs associated with establishing the NSSO as a new Civil Service office?

The formal establishment of the National Shared Services Office is a technical exercise that will only incur administrative costs related to the setup of the Office.

PeoplePoint

Question

What has it cost to establish PeoplePoint and what is the status of it?

PeoplePoint, the Civil Service HR and Pensions Administration Shared Service, was established in March 2013. It currently provides HR and Pension Administration services to approximately 30,000 employees across 35 Departments and Public Service Bodies.

A further 9 bodies will transition during 2015 and 2016.

It is anticipated that PeoplePoint will be fully operational by late 2016 when it is expected to service more than 33,500 employees across 40 departments and bodies.

To date, **set-up costs for PeoplePoint has run to just over €15 million**. Breakdown as follows:

SPEND to Date	TECH (including licensing)	Project Team	Building Fit-out (including fixtures & fittings)	Implementation Partner
PeoplePoint Project	**€6,591,499.14**	**€1,066,084.94**	**€1,405,990.16**	**€6,105,018.16**

Question

What proportion of the set up costs relating to PeoplePoint are consultancy costs?

Following an Official Journal procurement process, Accenture was selected as the PeoplePoint Project implementation partner. Just over €6million was incurred from project commencement in 2011 until its completion this year.

Question

Are there still temporary clerical officers in use to staff PeoplePoint and why were some let go and others made permanent? Why did you recruit new staff when the TCOs had already gained the knowledge and experience?

172 fixed-term contracts were issued to Temporary Clerical Officers to work in PeoplePoint. The goal was always to move toward a fully resourced organization with a permanent workforce. However, with the recruitment moratorium in place since 2012, there was an immediate short term requirement.

There remains only 23 Temporary Clerical Officers in PeoplePoint today to assist with the knowledge and capability transfer of skills on a phased basis to new Clerical Officer (CO) recruits and also to maintain continuity of service to customer Departments. Permanent COs have been and will be recruited from the established PAS panel to fill these vacancies when they arise.

Question

Why is PeoplePoint making overpayments? Is this happening in other organisations?

Overpayments to staff of salary, allowances and expenses can and do occur for a number of reasons in any organisation, be it private or public sector. These include, but are not limited to, delays in applying or approving or processing pay impactful absences, or pay impactful leave arrangements, or errors in calculating allowances, payroll or expenses.

An analysis of overpayment cases conducted in February 2015 identified a number of factors that have contributed to an increase in overpayments:

1. The **move to a self-service model driven by shared services -** where employees are responsible for notification and forwarding their absences and managers are responsible for complying with the absence process such as notifications of absence through self-service

2. The **new Public Service Sick Leave Scheme** – while having a very significant contribution in terms of reduction of absenteeism across the Public Service, a consequence of reduced access to paid sick leave has been an increase in the number overpayments. A key factor giving rise to overpayments is that the majority of staff are paid in advance as opposed to arrears. As a result there is an inherent overpayment built into the system where sick leave limits are exceeded. Other causes are non-compliance with procedures such as late notifications or missing medical certifications, and these are being addressed by management in each participating PSB.

3. The **number of new staff hired into PeoplePoint who needed time to learn how to do the work** contributed to delays in processing leave and absence transactions. This issue has been addressed through training and development, quality checks and close monitoring of key performance indicators against service levels targets.

It is the <u>combination of these factors</u> <u>rather than any one factor</u> that has contributed to an increase in overpayments. However, significant progress has been made on the issue through prioritisation and a highly collaborative effort across Accounting Officers, HR Departments and Payroll Centres.

Monitoring and reporting on overpayments occurs on a monthly basis to the HR SSC Programme Board and on a bi-monthly basis to the Shared Services Steering Board comprising 7 Secretaries General.

Payroll Shared Service Centre (PSSC)

Question

What is the cost of establishing the PSSC?

The estimated PSSC cost is €12.3 million. When fully operational, and providing payroll services to all 53 in-scope Bodies, it is estimated that the PSSC will achieve savings of €5.6 million per annum.

Question

What is the status of the project?

The Payroll Shared Service Centre (PSSC), based in 3 locations: Galway, Killarney and Tullamore is in the process of consolidating and integrating payroll processes and practices from the 17 payroll centres that currently provide payroll services to 53 Public Services Bodies.

The Payroll Shared Services project is on schedule for completion by the end of 2016. The implementation process is being managed in waves. Three waves of departments have been completed to date and the Payroll Shared Service Centre is now delivering payments to over 43,000 individuals across 34 Public Service Bodies for payroll and expenses.

The current phase of implementation includes pension payments for the Department of Finance (Paymaster General); military pensions for the Department of Defence and Garda Pensions for the Department of Justice, as well as payroll/expenses payments for Revenue, the Department of the Environment, the Central Statistics Office and the Office of the Comptroller and Auditor General.

By project completion at the end of 2016, the PSSC will provide services to approximately 120,000 payees, of which about 70,000 will be pensions, across 53 Public Service Bodies.

Question

What savings are likely to be realised from the Civil Service Payroll Shared Services Project?

When fully operational, and providing payroll services to all 53 in-scope Bodies, it is estimated that the PSSC will achieve annual savings of €5.6 million. The business case indicates that the number of FTEs required to provide payroll services will be reduced by c. 16% (56 FTE). As the project progresses, opportunities for further FTE savings will be explored. These include implementing payroll policy changes, ongoing enhancements to the payroll system and investment in supporting technology.

Question

Where is the Payroll Shared Service Centre located? What will happen to staff currently working in processing centres not in scope for providing payroll shared services?

The Payroll Shared Service Centre is located across three sites in Galway, Killarney and Tullamore and operates to standardised payroll processes on a common system under a single organisational structure.

Staff from three of the seventeen pay centres that provided payroll services to the public sector bodies have been or will be transferred to the Payroll Shared Services Centre as the project progresses.

Staff working in other payroll centres that are not within the 45km radius of a payroll shared services centre are being redeployed to other roles or to new work within their own Departments or another Public Service Body.

Financial Management Shared Services Project (FMSS)

Question

What is the status of the Financial Management Shared Services Project?

This project is still in the design phase and is being carefully managed to ensure the resilience of the detailed business case. It is proposed that the Financial Management Shared Service Centre will use a single financial management solution with standardised procedures for processing payments for purchases, cash receipting, fixed asset and general ledger accounting for the appropriation accounts for 47 Public Service Bodies. This project has had a huge level of involvement from the wider Finance community to ensure the future solution is fit for purpose, and at all levels in the organization from Clerical Officer to Secretary General.

The objective for this phase was to gather the detailed business functional requirements and to go to the market for a single financial management solution in order to validate the original business case assumptions. This is nearing completion. Once completed and the business case is validated, a Government decision will be sought to commence the detailed design and implementation. This is likely to occur early in 2016.

Question

What savings are likely to be realised from Financial Management Shared Services?

The expected savings from Financial Management Shared Services, once fully implemented, will be in the region of €14.6 million annually. However, significant non-monetary benefits are also anticipated from Financial Management Shared Services, including:

- The modernisation and professional renewal of the finance function based upon a shared technology platform supporting common standard finance processes and accounting definitions for all PSBs. This will deliver tangible improvements in the efficiency and effectiveness of the government's finance function;
- Establishment of a framework to deliver greater flexibility and strategic capability for finance to respond to new and emerging requirements in a more consistent, timely and cost effective manner. Enabling government to meet its current and future finance commitments, such as those emerging from the IMF Fiscal Transparency Assessment and EU Standards and Codes for Government Accounting;
- Improved resilience and sustainability of the FMSS by consolidating capability and building capacity to take advantage of the latest methods and models of ICT delivery, such as cloud computing, to drive greater innovation;
- Freeing up time in finance functions within PSBs to focus on higher value-added activities such as financial analysis, budgeting and forecasting and financial compliance. The FMSSC will be underpinned by a strong service management culture focused around the needs of the Accounting Officer;
- Better financial information and insights to support more informed decision making at PSBs and across central government; and
- Reduced costs, improved performance and increased financial control through sharing processing capacity by co-locating resources and standardising processes on common technology.

Question

Does the FMSS project timeline take consideration of the possible risks involved?

The cost benefit of Financial Management Shared Services are being continuously monitored and updated to ensure the project progresses in line with a valid business case.

As part of this process, the project has gone to the market with a comprehensive set of business requirements. The costs of the preferred tenderer will be used to update and validate the business case and return to government for a final decision to proceed to implementation, before a contract is awarded.

In addition, robust governance arrangements are being put in place to manage the risks and issues on this project and in particular any future change requests to the specified requirements. Significant project resources will also be dedicated to managing and supporting the changes required for the successful deployment of the system. The costs of these governance arrangements and project resources have been fully factored into the business case.

Question

Where will the Financial Management Shared Service Centre be located? What will happen to staff currently working in centres not in scope for providing financial management shared services?

The three sites that will accommodate the Financial Management Shared Service Centre (FMSSC) are the same sites that accommodate the Payroll Shared Service Centre, namely: the Department of Defence, Galway; the Department of Finance, Tullamore; and the Department of Justice and Equality, Killarney. These locations have been selected on the basis of an objective assessment of the level of skills available, the facilities and the ability to attract staff from across the public service.

The original business case provides for the redeployment of circa 128 existing finance staff either to new roles within their own Departments reducing the need to recruit. However, it is not possible to comment on the exact impact on staff and locations until the roles and responsibilities of finance staff between the FMSSC and the Public Service Bodies serviced by it are more fully defined as the project progresses.

Additional Questions

According to the last figures published earlier this year for 2014, Shared Services had the highest sick leave absence rates in the Civil Service, why and what is being done about it?

Shared services recorded a high rate of sick leave absence at a point in time in 2014 with a high level of temporary clerical staff. However, lost time rate has since reduced from 7.5% to 3.2% (Q2 2015).

As this is a relatively new organization the NSSO Management Team has introduced sick leave management training for team leaders and managers, and HR support procedures such as positive wellbeing in the workplace. Furthermore, sick leave figures are monitored closely by the NSSO Management Team on a monthly basis and better ways to engage and manage staff are being pursued and implemented.