Lead topic: National Shared Services Office (NSSO)	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 delivering business shared services 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

The NSSO was established in 2014 on an administrative basis within my Department. In 2015, the Government approved the establishment of the National Shared Services Office on a statutory basis and last month the NSSO Bill completed the Committee Stage. The Bill is progressing through the legislative process 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 transformational change the Civil Service has experienced.

- Significant progress has been made in advancing shared services since 2013. The NSSO has two shared service centres in the Civil Service. The HR and Pensions Administration Shared Service Centre (PeoplePoint), in operation since March 2013, has 34,500 customers from 39 Government departments and offices. The Payroll Shared Service Centre (PSSC), in operation since December 2013, has 111,800 payees, of which 60,000 are retirees, from 45 public service organisations.

- In addition, the Financial Management Shared Services project received Government approval following a Cabinet Meeting in January 2016 to proceed to the design phase. A single finance technology platform will replace 31 Financial Management Systems and 31 Reporting Systems across Government departments and offices and facilitate transaction processing in the new Finance Shared Service Centre. There will be 5 waves of deployment between 2018 and 2020, with 48 Public Service Bodies (PSBs) migrating into the Centre during this period.

- 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 services projects between 2011 and 2016?

Project	2011	2012	2013	2014	2015	2016	TOTAL 2011-2016	Total Budget Provision
PeoplePoint	5,000	5,338,615	6,577,407	3,633,877	2,113,519	496,258	18,164,676	**18,104,445**
Payroll	NIL	67,650	3,559,407	4,068,637	2,251,201	2,388,111	12,335,006	**16,493,000**
Financial Management	NIL	NIL	262,461	1,674,724	2,270,716	9,672,498	13,880,399	**28,084,000**
Total							44,380,081	62,681,445

Costs incurred prior to establishment of Shared Services Vote 1 January 2013 were borne by the DPER Vote

Question

Why have you underspent so significantly compared to budget?

€18.3m underspend
€4m in the PSSC - This is a pay underspend in the NSSO associated with delays in migrating payrolls and bringing associated staff on board to the PSSC. Since these payroll costs are largely covered by budget transfers from other votes on transition, the under-spend would have been counter-balanced by costs on the vote of the originating centres.

The FMSS project had an under-spend of €14.2m arising from a delay in the tendering process which had a consequent impact to the project timelines.

Question

How is the performance of shared services being measured?

PeoplePoint:
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.

Recent updated analysis has estimated that €6.4m has been saved in the annual cost of delivering transactional HR services. In 2014, at early stage implementation, the annual saving at that point in time was estimated at €3.7m.

PSSC:
The model for Payroll Shared Services is slightly different because there were a number of pre-existing payroll centres and therefore the budgets have been dealt with by suppressing the budgets on originating centres as their work, and in some cases staff, transfer to the new centres.

Some €7.6m of budgets had been suppressed by the end 2016 and the estimate by the end 2017 is a cumulative suppression of €9.7m. In the medium term it is expected that the PSSC will yield savings of €5.6m per annum in the cost of the provision of payroll services, together with a reduction of 56 FTEs or 16% in the number of payroll staff.

FMSS:
The Financial Management Shared Service business case confirms a sustainable reduction in the annual cost of Finance of circa €15.4m, when the FSSC is fully implemented, through a reduction in the cost of support for finance technology and a reduction in the headcount required to provide Financial Management processing services by 25% (145 Full Time Equivalents).

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, €3.5m in 2015 and €4.7m in 2016.** The NSSO Vote (within the PER Group) bore 75% of the operational costs 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). In 2016 the operational costs ratio was changed to 65% borne by the NSSO Vote with each participating department contributing 35% again based on headcount being serviced.

The model for the Payroll Shared Service Centre (PSSC) is slightly different because there were a number of pre-existing payroll centres and a budget transfer mechanism has been used by suppressing the budgets on originating centres as their work, and in some cases staff, transfer to the new centres. Some €7.6m of budgets had been suppressed by the end 2016 and the estimate by the end 2017 is a cumulative suppression of €9.7m.

Question

What efficiencies or benefits 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, addressing common information requirements and sharing of cost-effective standard technology solutions.

Since 2014, the NSSO has introduced many efficiencies and benefits for the civil service.
These include:

- The introduction of one set of standard HR processes, applied consistently, based on HR policy. These standard processes are eliminating local interpretation and thereby increasing fairness for employees;

- Civil servants can access HR services through a much wider range of channels, including the first online system, giving them easier and faster access to important information on entitlements and services. For example, the HR Portal receives over 300,000 visits per month;
- HR data analytics and trend analysis are more readily available on a civil service-wide basis;
- The first online system for public service travel and expenses claims was introduced, with payments processed within a week;
- Online payslips are provide to all payees, and there is immediate access to payroll information, including downloadable P60 forms. This is a significant change to the hard-copy payslips and paper-based receipts of the past;
- Insights gained through shared services informed the development of relevant Government policies, such as policies addressing absence, leave and the recoupment of overpayments, and;
- Improved technology has resulted in automation in several areas, including the updating of personal information and for annual leave, removing the need for repeated manual entry on the HR system – almost 1.5 million annual leave updates have been recorded in 4 years and further automation is on the way.

Shared Services allow Public Service Bodies to have the right balance of retained knowledge and increased strategic expertise to focus on the core business of their Department. It frees up resources to support core government services and priorities for front-line services, creates opportunities for increasing policy compliance across Departments and drives processing improvements, efficiency and scalability.

While 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 – it delivers efficient corporate business services through the adoption of standardised processes for repeatable transactions, thereby improving performance, reducing duplication of effort and the avoidance of procuring expensive highly customised individual solutions in response to new and emerging requirements.

Question
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.

Question
What is the rationale for establishing the NSSO as a new Civil Service office?

The rationale for setting up a separate statutory Office is to provide clear accountability for shared services and to separate the shared services expertise and strong customer and service culture from the broad-ranging policy making functions of the Department of Public Expenditure & Reform.

In addition the demand on my Department from the NSSO is significant. The office currently employs 670 staff. When Finance shared services are fully established and staffed, the NSSO will directly employ an estimated 950 civil servants and will provide payroll services to over 128,000 retired and current civil and public servants.

In the future it will account for the estimated total vote of €50 billion and administer approximately 50% of net Government voted expenditure.

This makes the Office twice the size of the Department, and a significant operation when compared to other offices and shared services organisations in the private sector. That requires an Office in its own right.

PeoplePoint

Question

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

The Civil Service HR and Pensions Administration Shared Service Centre, PeoplePoint, was established in March 2013. It currently provides HR and Pension Administration services to approximately 34,500 employees across 39 Departments and Public Service Bodies.

It is anticipated that PeoplePoint will be fully operational by mid-2017 when it is expected to service some 35,000 Government employees.

To December 2016, the Gross **set-up costs for PeoplePoint has run to €18.1 million** and this breaks down as follows:

SPEND to Date	TECH (including licensing)	Project Team	Building Fit-out (including fixtures & fittings)	Implementation Partner	Other e.g. operating costs
PeoplePoint Project	€6,876,351	€1,604,114	€1,858,012	€6,253,718	€1,572,481

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

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 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 **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 was an increase in the number overpayments. A key factor giving rise to overpayments is that for the majority of staff, the payroll is run 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. A large number of **new entrants to the Civil Service were recruited into PeoplePoint**. They needed time to learn how to complete these new transactions and this contributed to delays and errors in processing leave and absence transactions. This issue was addressed through training and development, quality checks, close monitoring of key performance indicators against service levels targets and a thorough induction programme.

It is the combination of these factors rather than any one factor that has contributed to an ongoing prevalence of 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.

A cross departmental working group was set up in late 2014 and this has continued to work through issues in the areas of people, process, policy and technology. A report is available on activities to year end 2015. The report to year end 2016 will be finalised by mid-2017.

Monitoring and reporting on overpayments occurred 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. It will continue under the NSSO Board.

Question

How many overpayment cases are there and how is PeoplePoint recouping this money? Is there a policy on how this is managed to prevent it happening again?

In the period **1 January 2016 to 31st December 2016 plans to recover 5200 cases amounting to €4,395,042 have been agreed with staff** by PeoplePoint. This includes cases arising from previous years. **During 2016 5481 overpayment cases were created with a value of €4,405,335**.

As at **31st January 2017, PeoplePoint was working with employees on 1,952 open cases** with a known value to date of **€2,808,179.** Where an overpayment has arisen, PeoplePoint pursues the recovery of monies consistently and fairly, in accordance with Government policy and with the approval of client departments.

The revised circular on overpayment recoupment (effective from 1st May 2017) provides for accelerated actions to put recoupment arrangements in place with the following provisions:

- Overpayments to be recouped from gross calculations (previously allowed for calculation from net pay) eliminating 10% of cases awaiting value.
- Extended scope for the auto recoupment of the full value of the overpayment within a month from 15% to 30% of overpayment cases.
- Staff with multiple overpayments (5 instances or value of over €2,500) will be paid for attendance only. These currently account for c20% of overpayments, 5% of employees.

Data Protection

What is the NSSO doing in the area of Data Protection and GDPR obligations?

The protection of personal data is of utmost importance to the NSSO, and its correct usage and storage is crucial to the work of every Shared Services Centre. The NSSO recognises its duty of care to its client organisations and their staff, and accords such data the utmost confidentiality and security.

Personal data is managed by the NSSO for the purpose of processing HR, Pension and Payroll administration on behalf of the Client. Access to this confidential information is restricted and controlled in accordance with Data Protection Acts 1988 and 2003. The NSSO cooperates fully with the Office of the Data Protection Commissioner (ODPC), and actively takes measures to ensure that personal data is only accessed in connection with the purposes for which it has been provided, consistent with the guidance of the Office of the Data Protection Commissioner. Arrangements are being made to update data protection policies and protocols in light of the emerging requirements of EU law in this area.

Data Governance

The National Shared Services Office (NSSO) has a dedicated Information Governance Team in both PeoplePoint and the Payroll Shared Services Centre (PSSC) with certified practitioners as Data Protection Compliance Officers in both operations, and the Corporate Business Unit. Compliance with the Data Protection Acts is overseen by the NSSO Corporate Business Unit (CBU).

Staff side initiatives include:

- All staff must attend a Data Protection classroom module on day 1 of induction training.
- All staff must complete a twice annual Data Protection e-learning refresher module.
- All training materials have been revised following ODPC audit recommendations.
- Data Protection compliance is a universal goal on PMDS for all staff.
- Data Protection is a standing item on NSSO Executive Management Team (EMT)/Senior Management Teams (SMT) agenda, NSSO HEO Forum, and, Team Huddles.

Other initiatives include:

- Implementation and roll out of Data Loss Prevention (DLP) email software to be completed this summer.
- A revised risk-based reporting approach with ODPC to control the strategic and reputational risk-action plan under development.
- A review of the Data Protection Policy for Shared Service completed in 2016 in consultation with the ODPC.
- Data Processing / Sharing Agreement has been reviewed, and the ODPC consulted.

    - A Data Protection Officer will be appointed, in anticipation of GDPR requirements.
- Strengthening of data security controls underway as part of the overall audit and compliance approach.

Payroll Shared Service Centre (PSSC)

Question

What is the cost of establishing the PSSC?

The estimated set-up costs for the PSSC is €16.3 million (including VAT). When fully operational, and providing payroll services to all 54 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 54 Public Services Bodies.

The Payroll Shared Services project is scheduled to be fully operational by late-2017. The implementation process is being managed in waves. Six waves of departments and office have been completed to date and the Payroll Shared Service Centre is now delivering payments to over 111,800 individuals across 45 Public Service organisations for payroll and expenses.

By project completion at the end of 2017, the PSSC will provide services to approximately 120,000 payees, of which about 70,000 will be pensions, across 54 public service organisations.

Question

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

When fully operational, and providing payroll services to all 54 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 has happened to staff 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 transferred to the Payroll Shared Services Centre, as the project progressed. 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 business case was revalidated and approved by Government in January 2016. The new Centre will be co-located with Payroll in Galway, Killarney and Tullamore and will start providing financial management shared services in 2018.

It will improve resilience and performance, increase financial control, and deliver a sustainable reduction in the annual cost of finance of approximately €15.4m through a reduction in the cost of support for finance technology and a reduction in the resources required to provide Financial Management processing.

Following a procurement process, Accenture was appointed as the Systems Integration (SI) partner in September 2016. The FMSS involves the implementation of a single financial management solution, for which the Oracle eBS suite has been selected.

The SI partner joined the project in October 2016 and successfully completed a Conference Room Pilot of the system with stakeholder working groups in December 2016.

The Finance Shared Service Centre will operate with standardised procedures for processing payments for purchases, cash receipting, fixed assets and general ledger accounting for the appropriation accounts for 48 Public Service Bodies. This project has had a significant level of involvement from the wider Finance community to ensure the future solution is fit for purpose.

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.

<u>Question</u>

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

A robust governance arrangement has been put in place to manage the risks and issues on this project and in particular any future change requests to the specified requirements. A project team has been staffed to manage and support the implementation of the project. The costs of these governance arrangements and project resources have been fully factored into the business case. 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.

<u>Question</u>

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 Finance Shared Service Centre (FSSC) 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 business case provides for an overall reduction of circa 145 staff involved in finance processing and administration. These staff will be redeployed to fill vacancies across the wider civil service. In addition, there will be redeployment of staff from PSB finance departments into the FSSC, in particular in Galway, Tullamore and Killarney.