

INITIAL PERIOD BUSINESS PLAN

**TRANSACTIONAL SERVICE CENTRE  
(HR and Finance)**

**BUSINESS PLAN**

**1 April – 30 September 2016**

Version 0.5.1 - 17 March 2016



## **Introduction**

This Business Plan outlines the key short term objectives for the HR and Finance functions operating under a shared service agreement between Cheshire East and Cheshire West and Chester Council (CWAC) from 1 April 2016.

Under the terms of the agreement these services will be hosted by CWAC as part of its wider Transactional Service Centre (TSC). The TSC, established 1 July 2015, is delivering Revenues and Benefits, Client Finance and Corporate Debt services and has been established to operate as a central hub for Council-wide transactional finance activity.

The basis of 'on-boarding' former CoSocius service from the 1 April is 'lift and shift' and the day 1 structure chart is shown at Appendix 1. On that basis one of the key objectives within this Plan will be to determine a future operating model that brings together all of the TSC services, exploiting opportunities for alignment of services, standardisation of processes and reducing the overall cost base – the period covered by this Plan will, therefore, be 1 April to 30 September 2016. A more detailed Plan will be delivered to support a new target operating model (TOM) from 1 October 2016.

## **Scope of Services**

This Plan, although dependent on existing CWAC TSC services, covers only those HR and Finance services provided to 31 March by CoSocius and detailed as part of the shared service arrangement with Cheshire East Council.

### HR & Payroll

#### **1. Managed Payroll Service**

A BACS accredited end to end payroll service delivering 74 payrolls, on a variety of paydays, to over 60,000 employees and pensioners.

#### **2. Recruitment Services**

A managed recruitment service commencing with the advertisement of a vacant position to the offer of a specific role.

#### **3. Managed DBS Service**

The provision of a Disclosure and Barring Service (DBS) as part of the critical safeguarding of process for employees with access to vulnerable adults and children or for those in certain prescribed roles.

#### **4. Contractual Administration**

The provision of employment contract services covering starters, leavers and changes that are specific to the individual employee.

### Finance

#### **5. Accounts Receivable & Cash Management**

The provision of a complete accounts receivable lifecycle that includes all transactional activity to support invoicing, accounting, receipting and reconciliation, including that generated from interfaces with front line systems.

## 6. Accounts Payable

A fully compliant, BACS accredited service providing an end to end purchase to payment facility for the full payment lifecycle and supporting interface management to generate payments from front line systems.

## Business Relationship Management (BRM)

## 7. BRM

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

### Summary Cost Base

	Managed Payroll	Recruitment	DBS	Contracts	Income/ Cash	Payments	Total HR&F
<b>Staffing</b>	1,328,816	95,086	73,389	760,911	536,993	1,088,176	3,883,371
<b>Non-Staffing</b>	524,744	29,031	22,407	232,316	163,951	332,234	1,304,683
<b>Gross Costs</b>	<b>1,853,560</b>	<b>124,117</b>	<b>95,796</b>	<b>993,227</b>	<b>700,944</b>	<b>1,420,410</b>	<b>5,188,054</b>
<b>Income</b>	-876,334	-35,099	0	-741,115	-213,424	-46,643	-1,912,615
<b>Savings</b>	-174,514	-12,520	-7,212	-120,965	-65,677	-111,732	-492,620
<b>Net Cost</b>	<b>802,712</b>	<b>76,498</b>	<b>88,584</b>	<b>131,147</b>	<b>421,843</b>	<b>1,262,035</b>	<b>2,782,819</b>

For the first six months, the cost of these services will be apportioned based upon the level of demand for services delivered to both Councils in the twelve months to Nov-15, with the main cost drivers being:

#### P&I:

- Number of payables invoices processed
- Number of receivables invoices/standing charges processed

#### ESC:

- Number of contracts managed
- Number of pay events

#### Share of Costs for Initial Business Plan Period

One twelfth of the sums below to be paid by each Council for each calendar month of the initial period

Cheshire East Council	£1,407,775	Monthly Sum	£117,315
Cheshire West and Chester Council	£1,375,043	Monthly Sum	£114,587

## **Key Objectives & Milestones**

### **1. Business Continuity**

Since the decision to revert to a shared service arrangement was taken in October 2015, of paramount importance has been the need to maintain business continuity with minimum impact of service change on the customer. This Plan covers a six month period of what will be significant change, the need to continue to maintain continuity of service during this period will remain.

### **2. Closure of 2015/16 Budget Gap**

On 28 January 2016 the CoSocius Project Board agreed a range of measures designed to contribute to the overall closure of the gap between budgeted and actual 2015/16 spend by the services provided by CoSocius. For TSC services a number of measures have been agreed that include:

- Management Restructure
- Deletion of vacant posts
- Increased spans of control
- Grading review and alignment with CWAC Finance
- Increasing the cost of services to schools by 10% to reduce the 'subsidy' gap

For the TSC these measures will realise in the region of £0.5m and will be delivered on or before 30 September 2016.

### **3. Development and Implementation of a new Target Operating Model (TOM)**

The development of a new TOM will be critical to the success of the new service moving forward. The integration of both existing and on-boarded (CoSocius) services provides a significant opportunity to standardise, automate and align processes and procedures, delivering greater efficiency and much more robust offering to both Councils, schools, academies and companies. The scale and coverage of this change activity will deliver significant savings over and above those identified in '2' above. It is anticipated that a 30-45 day consultation with affected staff and unions will be required and it is likely that this will take place between May and July. Implementation of the new TOM is expected to be 1 October 2016.

### **4. Development and Implementation of a new Service Catalogue, agreed Specification for Services, Performance Management Framework (PMF) and Payment Mechanism (Paymech)**

There is an absolute commitment to continue to develop the Service Catalogue and costing structure to reach agreement on a Service Specification to include in a variation to the Service Agreement from October. This will be accompanied with a revised PMF and Paymech which supports the essence of a shared services arrangement but with increased commercial terms in line with the principles agreed by the Programme Board in February.

An essential pre-requisite to the Service Specification are clear customer requirements. To ensure the desired outcomes are delivered, the Transactional Shared Services Transition Project Board will drive the necessary activity in collaboration with Council Commissioners, engage the right subject matter experts and report progress regularly to the Joint Officer Board and Shared Services Joint Committee.

### **5. Development of a detailed, strategic Business Plan**

In parallel to the development of the new TOM, a more formal and strategic Business Plan will need to be developed. The Plan will need to set out:

- The scope of activity for the remainder (and beyond) of the shared arrangement
- Activity and related savings/efficiencies linked to the Service Reviews, such as ERP

- The financial envelope, including savings/income targets in which the service will operate
- The further development/baselining of measures (the PMF) by which each council client will determine the successful delivery of services
- A strategy for marketing and growth

#### High Level Milestones

Activity	Timeframe
Joint Service Committee	18 March 2016
Day 1/TUPE Transfer date	1 April 2016
Development of TOM	1 – 30 April 2016
Consultation Period	Early Summer 2016
Development of Strategic Business Plan	July – September 2016
TOM Live	1 October 2016

#### Risks & Issues

##### Risks

- Resource requirement to develop a new TOM for 1 October 2016
- Impact of Service Reviews, particularly ERP, on the future TOM
- The ability to retain external customers such as schools and academies as a result of change

##### Issues

- Loss of key resource/expertise in the run up to Day 1
- Consultation on future TOM likely to be between 30 and 45 days, realistically early Summer to complete for 1 October
- Volumetric data not tested and in some areas unavailable

See Appendix 1 - Structure Chart

Appendix 1

