

PLYMOUTH CITY COUNCIL

Subject: Back Office Services Transition to Delt (Payroll & Pensions)
Committee: Cabinet
Date: 13th February 2018
Cabinet Member: Councillor Darcy, Cabinet Member for Finance/ICT
CMT Member: Andrew Hardingham (Interim Joint Director for Transformation and Change)
Author: Heidi Ondrak (Project Manager)
Contact details 01752 398658
Email: Heidi.ondrak@plymouth.gov.uk
Ref: TCC012
Key Decision: No
Part: 1

Purpose of the report:

The purpose of this report is to present the Business Case and Service Specification for the transition of Payroll and Pensions services to Delt. It is proposed that this already, fully consolidated service is the first function to migrate as part of the suggestion to migrate back office services to Delt. The report requests support for three decisions;

- Approve the Business Case for the migration of Payroll and Pension Services to Delt;
- Delegate authority to the Programme Manager for the Future of Shared Services, in consultation with the Cabinet Member for Finance and IT, to negotiate and agree the detailed terms of the contract with Delt;
- Delegate approval of the Business Case to migrate Systems Support teams within the Service Centre and Print and Document Services (PADS) to Delt to the Programme Manager for the Future of Shared Services in consultation with the Cabinet Member for Finance and IT.

The attached Business Case sets out the 5 case model arguments for migrating the Payroll and Pensions service. The Service Specification details the service objectives, expected outcomes from service migration, performance data and statutory and regulatory expectations of the service.

The rationale for delegating the decision to transfer Systems Support teams and Print and Document Services (PADS) is that these services effectively represent components that should have previously been transferred to Delt as part of the transition of the Council's ICT services to Delt. The Systems Support teams provide some development and configuration of software for applications used in schools management, social care, finance and digital services. In all of the cases these services are delivered by Delt for PCC under the terms of the existing contract.

Office printers are already provided by Delt under the existing contract. At present the Print and Document Services team, located at Windsor House, consisting of 6.22 people, is delivered by PCC. As Delt and PCC continue to develop and deliver new digital services for staff and customers, the requirement for printing should greatly reduce. The recommendation to transfer PADS to Delt will allow Delt to manage this reduction in line with the reduction in requirements for office printers.

The Corporate Plan 2016 - 19:

The proposed migration of back office services to Delt supports the Plymouth Corporate Plan, in particular key themes in the City Vision are supported with Pioneering Plymouth being strongly reinforced as the proposal to move services to Delt represents innovative design that proposes delivery of services that are accountable, flexible and efficient. In addition to this and supporting the key themes it is proposed that this proposition balances the books, represents new ways of working and is the best use of council assets.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

The financial analysis of the proposal to transfer the service to Delt shows a best and worst case scenario paying back within 3 years in both cases. Using the worst case scenario, there is an increased cost of service in the first year of £41,315, reflected in income assumed to fall below currently levels during the transitional period and also one off project costs in the first year. The net cost to the Council then reduces from year 3 as income stabilises and grows (even after building in prudent sensitivity analysis).

PAYBACK SUMMARY	1	2	3
DELT (with PCC Worst Case)	£434,542	£406,577	£368,576
PCC Base	£393,227	£404,315	£415,624
Difference	(£41,315)	(£2,263)	£47,047
Cumulative Worst Case	(£41,315)	(£43,577)	£3,470
Payback Period			YEAR 3

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

- Non applicable

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

It is recommended that Cabinet:

1. Approve the Business Case for the migration of Payroll and Pension Services to Delt;
2. Delegate authority to the Programme Manager for the Future of Shared Services, in consultation with the Cabinet Member for Finance and IT, to negotiate and agree the detailed terms of the contract with Delt;

3. Delegate approval of the Business Case to migrate Systems Support teams within the Service Centre and Print and Document Services (PADS) to Delt to the Programme Manager for the Future of Shared Services in consultation with the Cabinet Member for Finance and IT.

REASONS

- Payroll and Pensions is a service that has been identified by the Sustainability and Transformation Plans (STP) within the NHS as a priority for sharing¹. If Delt were able to demonstrate a working capability to the STP it would offer the STP another option as a “neutral” and local organisation who could credibly act as the focal point for alignment.
- The Payroll and Pensions service is already fully consolidated within PCC. There are no other payroll and pensions functions in departments across the organisation, therefore the full transition can be accomplished in one stage.
- The Payroll and Pensions service is well managed within PCC with a clearly defined business strategy (with a future focus on increased automation and self-service). This vision is likely to be developed further and faster under Delt management than PCC. A recent audit report has found the service to be operating at a “high standard” across the board, with no areas of material concern, this report is appended as Appendix 2 to this case.
- Resourcing levels in the services detailed in requests 1-3 above are at a minimum viability levels, demonstrating very low resilience across critical skills required to deliver. The proposed transition will embed the service in an organisation where there are individuals with technical skills to augment the team and build resilience. Furthermore the Delt plan would be to expand the service through attracting new business, either clients or partners.
- The risk of service failure or disruption as a result of the transfer of the areas is

assessed as very low.

Alternative options considered and rejected:

Alternative options were considered in the paper that was presented to cabinet on the 26th September 2017. These can be viewed on the link below;

[Strategic Options for Corporate Services](#)

Published work / information:

As above

[Strategic Options for Corporate Services](#)

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

Payroll and Pensions Business Case –Final V1.0	x									
EIA – Payroll and Pensions	x									
Payroll and Pensions Service Specification	x									
Payroll and Pensions Audit Report	x									

Sign off:

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Originating SMT Member: Andrew Hardingham

Has the Cabinet Member(s) agreed the contents of the report? Yes

1.0 Introduction

1.1 The Business Case proposing strategic options for support services was presented to Cabinet on 26th September 2017. Cabinet approved the development of a Business Case and Service Specification for each service to be developed and presented upon completion.

1.2 The first service Business Case identified for development was Payroll and Pensions, as a fully consolidated service with commercial potential already identified by Delt Shared Services Ltd

1.3 The Business Case outlines 5 case model arguments for transition are summarised below. Detailed arguments are contained in the Business Case;

Strategic Case

Delt was established with the primary purpose of providing a vehicle for strategic growth, the vision was to achieve this through migrating sellable services, Delt is more commercially focused and savings achieved through economies of scale

Economic Case

Supportive performance management coupled with simple self-service will deliver the service better, faster and cheaper, which in turn unlocks additional business to deliver dividend payments to PCC.

Commercial Case

Pricing flexibility and account management will lead to new market opportunities for the service and reinvestment back into the service.

Financial case

This is being finalised

Management Case

Transfer to be delivered by Transformation team, retained client to manage the service against the outcomes in the service specification, commercial sales efforts by both PCC and Delt

The Equalities Impact Assessment reviews the impact of the transition on the entire workforce as all employees of PCC supported by the Payroll and Pensions service. The transition to Delt does not appear to disadvantage any individual with a protected characteristic as detailed in the Equality Act 2010. In addition narrative is provided relating specifically to the teams delivering the service and no adverse impact has been identified on the immediate team.

