


# SHARED SERVICES TEAM

**Document Name:** Defra Shared Services Blueprint

**Usage Guidance:** Toolkit materials should only be used with due consideration to the context and requirements of the programme in question. Materials should not be directly applied 'off the shelf.'

## CATEGORY DESCRIPTION

<p>1. <i>Example material</i> –The tool has been provided by a single public or private sector organisation, or an external forum that has not been moderated by the Shared Services Team. It represents one possible approach to a given shared service activity, and can be used by Toolkit users as an example / reference aid.</p>	
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# Shared Services Organisation

## Business Blueprint – Stage 1

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# 1 INTRODUCTION TO THE BUSINESS BLUEPRINT

## 1.1 What is a Business Blueprint?

The Business Blueprint represents an expression of the organisation, process and solution design for all areas covered in the vision of a Shared Services Organisation [SSO]. The scope of the document covers both the design of the new organisation as well as the programme to deliver specific business support for finance, human resources, procurement and estates end to end processes.

The rationale for the establishment of the SSO was a combination of the increased focus on reducing the cost of support services and harnessing a number of transformation programmes that Defra had initiated. Whilst traditional methods of saving costs and utilising modern technologies had contributed to efficiency improvements, it is acknowledged that there are potential further savings to be made through the establishment of a fully integrated SSO.

The SSO Business Blueprint will be completed in two stages. This document represents the **Stage 1** Business Blueprint and explains how the organisation, process and solution design will be developed and what it means for services and employees in terms of transition and implementation. The Stage 1 Business Blueprint also provides a summary of the business case, expected benefits and associated costs for the period through to 2010.

The **Stage 2** SSO Business Blueprint will be completed between January and March 2007 in preparation for the first full year of operations from April 2007. This acknowledges that we are currently in the early stages of assessing SSO operating costs, benchmarking current performance and identifying the scale of potential benefits for customers. It also allows us to take account of the CSR07 budget round.

Sign-off of the Business Blueprint Stage 1 will provide the authority for the interim team to commence with the programme of implementation of a new SSO and of our customer onboarding plan.

## 1.2 Objectives of the Business Blueprint and Business Case

To share the design of the SSO operating model and supporting processes including the customer service cycle. The document highlights the impact of the changes driven by the new processes and how these are going to be managed.

The Business Blueprint works as a communication tool, or as a reference document to be shared with stakeholders and should be written in sufficient detail to be the principle document in planned communications to customers and staff.

It is a document to be approved by the Defra Management Board and owned by the Shared Services Board to ensure delivery of the programme in accordance with the budgets allocated, the service provision agreed to by the customers and to monitor the realisation of the benefits outlined.

## 1.3 Relationship to Cabinet Office ‘Sector Plan’

Government organisations have been aligned to a ‘Sector’ for the purposes of addressing the opportunities presented by Shared Services. The sectors have been identified for their similarities in areas such as objectives, funding, governance, service delivery, operations and scale. There are nine Sectors for which shared services plans are being produced. These include Defra, others cover Education & Skills, Central Government, Local Government, Health, Revenue and Customs, Work and Pensions, Defence, Government “family” groupings, the rest of Central Government.

The Defra Sector Plan was submitted in draft to the Cabinet Office in May 2006. The document sets out the plan for shared services for the Defra group of organisations, the Defra Sector. Relevant sections of the Sector Plan including design principles, scope, customer onboarding and selling beyond sector boundaries have been reproduced in this Blueprint.

## 1.4 Scope of the Blueprint

The Defra Business Blueprint outlines the strategic intent, customer onboarding plan, business processes and business case for the Defra family and others.

## 1.5 How the blueprint has been produced

The blueprint has been assembled by the Shared Services Programme team and the interim SSO senior management team. The content has been developed by undertaking a series of activities including workshops, process assessments, customer feedback & industry best practice shared with us.

The business case and benefits summarised in this blueprint are based on the business case approved by the Defra Management Board in November 2005 updated where appropriate with new information provided by existing and future customers.

## 2 SSO VISION, MISSION AND OPERATING PRINCIPLES

### 2.1 Shared Vision

The vision for the SSO is of a customer focused, efficient, service organisation which provides corporate services to all within the Defra family and to external public sector bodies. The SSO will be an independent organisation with a governance structure that aligns the delivery of services to the aims, strategy and policies of all its customers.

The SSO is focused on achieving outcomes and benefits for customer businesses through the transformation of support services. Our vision means that the SSO will be able to differentiate themselves and their services by focusing on the end customer rather than just efficiencies. By focusing on the 'product' and service offering, the SSO will be able to add 'value' to customer organisations over and above what they can deliver alone.

Customers will be at the heart of all our operational activities and improvement plans. We will work with them to understand their business needs and identify ways in which our expertise can support and deliver what they require. Our uniqueness will be in the design, delivery and support of the interface between the SSO and our customers whether they be in support functions or delivering front-line services. Customers have increasingly sophisticated requirements and demand ever higher standards of service so building better relationships with customers in order to fully understand their needs is one way to achieve an advantage; another is to create a confident, knowledgeable & motivated workforce and rewarding culture.

In order to achieve this we need to become entirely focused on customers and their business, our service delivery and employee communication at all levels. Our commitment to customers will need to go deep into our business. At the moment we are spending too much time making sure we are doing things right rather than doing the right things. Our approach to creating an organisation for customers means that:

- Our customer will be able to select products and services because they believe they will offer superior value to their business. To deliver this we will work collaboratively with them to understand their needs and introduce a 'service relationship' element to our organisation;
- Our customers will be able to differentiate our service from other offerings because of its simplicity – we will be easy to access, responsive to enquiries and integrated in our delivery;
- Through an effective methodology of continuous improvement, the SSO will be able to develop new services and products that offer better value [which will require us to focus on performance, costs, responsiveness, channels and price];
- We will need to promote the work that we do to demonstrate and influence customers that what we do is better than anyone else. This will involve providing services in ways that the target audience recognises and promoting and marketing the organisation.

# Shared Services Organisation Business Blueprint

The key features of the SSO vision include:

- High standard of customer care – transparency of service delivery, and the monitoring of service levels through the service relationship framework;
- Scalable solution – an operating model that is capable of providing services to the wider Defra family (and others);
- Service provision provided by an autonomous delivery organisation with strong governance arrangements;
- Common, simplified and integrated processes – clear end to end process integration, with clear split between policy and delivery, and a slimmer corporate centre;
- Creating a diverse organisation that integrates sustainable development into all processes and operations;
- Delivery of quality services supported by consistent data and enhanced management information; and
- Optimised use of technology to maximise current investment and efficiency opportunities.

## 2.2 Mission and Values

The SSO will be an efficient provider of support services to its customers, enabling integration of the four functional areas to offer a seamless and strategically co-ordinated service. The solution will be scalable to enable expansion within the Defra family and beyond and will fully support the vision for self-service that is already underway. The organisation will focus on providing quality services at a competitive rate, delivering a solution that is of net benefit to the taxpayer, with a culture of continuous improvement to identify and drive realisation of benefit underpinned by investment in staff as its most valuable asset and by working collaboratively with customers.

Our mission statement and values are illustrated in the following diagram:

### VISION AND VALUES



## 2.3 Capability

The SSO currently includes the full Estates function providing strategic development, advisory and transactional services reporting to a small retained informed client function.

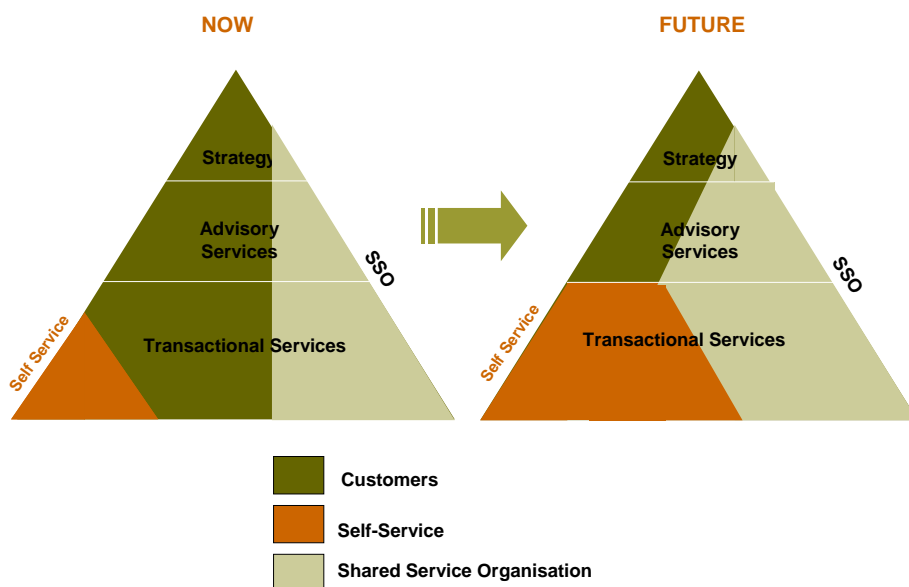
For HR, Finance and Procurement, the SSO currently delivers transactional services and some advisory services. There is already an expanding employee and manager self-service capability that currently includes personnel administration, staff appraisal, learning and development, expenses and procurement.

During 2006/07 enhancements are being made to the Finance, HR, Procurement and Estates end to end solutions. These include improvements to Finance and HR management information and to the portal that customers will use to access information and perform transactions.

The ambition is to continuously improve and extend the shared services capability to other support functions and potentially front-line services depending on the needs of customers and the business case for transformation.

The expectation is that by 2008 the SSO will provide a wide range of advisory services and that for customers, transactional services will be entirely delivered through self-service and the SSO.

### Shared Service Capability



## 2.4 Drivers

There are a number of key drivers behind the move to shared services within core Defra and across the family:

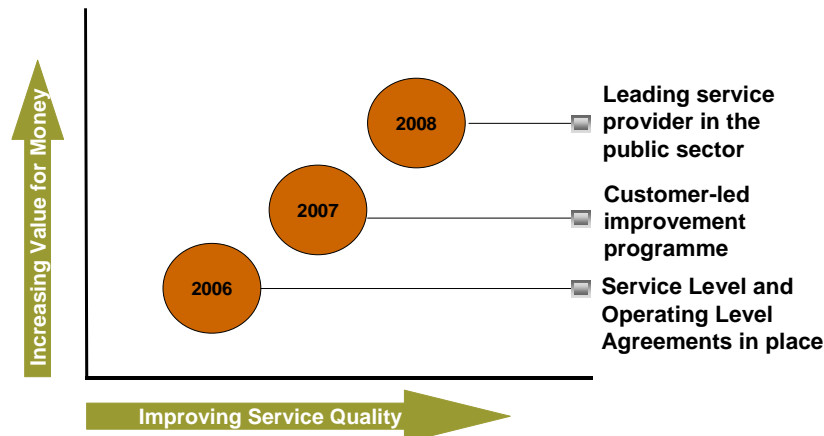
- To significantly improve the service delivered to customers of transactional back office services;
- To support self-service and a culture of employee self sufficiency;
- To become a provider of quality management information by:
  - providing customers with fast access to a wide range of performance information; and
  - delivery of consistent data;
- To develop a reputation around government for an excellence of service provision;
- To support better integration within Defra family and mitigate the risk of fragmentation by:
  - reducing duplication;
  - utilising the opportunities that common end to end processes offer to businesses
  - maximising the investment in Oracle as the foundation platform; and
  - providing a platform for growth and scalability (increasing the customer base);
- To support a formal framework for developing “customer service” professional skills for government alongside professional skills in HR, Finance, Estates & Procurement;
- To deliver a sustainable reduction in operating expenses by:
  - supporting both the Gershon Review and the Lyons Review;
  - supporting readiness for future spending reviews; and
  - releasing resource to the front line and provide good value to the taxpayer.

## 2.5 Our shared services

We acknowledge past service quality has been variable. We are investing in bringing in the right leadership, staff training and supporting technology to deliver service improvement.

We will undertake a collaborative programme of continuous improvement and we will continuously benchmark performance of all services and share the results with customers and agree steps to address any shortcomings.

## Shared commitment to improving Service Quality



To move from fragmentation of support services across the Defra family, to compliance to work with more efficient and streamline processes to a commitment to work together for continuous improvement there are a number of overarching guiding principles for the SSO and its customers:

**Shared Ownership** – The SSO and our customers have a shared requirement for high quality, timely and effective support services that deliver continuous improvement and increasing value for money. We have a shared responsibility for exchanging expertise and identifying and implementing improvements in service delivery. The SSO's sole purpose will be to help customers meet their business targets.

**Independent SSO** – The SSO will be arms-length from the core Department. We have commissioned a review of the legal status of the SSO including potential joint-venture options. Customers will have an equal say in the management and development of the SSO.

**Adding-value** – We are creating a more responsive culture formalised through service and operating agreements. We are creating an SSO that will be scalable to be able to respond flexibly to the changing shape of the organisation, the customer base and emergency situations.

**Learning & Innovation** - Leveraging the latest technologies, focusing on continuous improvement and service excellence, identifying investment opportunities with customers, prioritising developments through customer groups, embedding a change culture, building improvement targets into personal development plans and sharing good practice.

**Partnership** – Working in partnership with customers rather than in a client / contractor relationship during the onboarding to shared services. The governance of the SSO will be based on key principles of treating customers equally with customers agreeing SSO business plans and investment priorities.

# Shared Services Organisation Business Blueprint

**Accreditation** – The SSO holds a number of accreditations for service delivery and quality of business processes. We will consolidate and prioritise initiatives to enhance our accreditations for the sole purpose of improving the quality of services to our customers.

## 2.6 Key outcomes

The SSO is committed to delivering all the following outcomes by 2010:

### General Outcomes

- More easily accessible and responsive support services;
- Greater co-operation and sharing of best practice through the use of agreed indicators including upper quartile benchmarks;
- Improved accountability at all levels throughout organisations;
- Better management of customer service delivery, specification of requirements and expectations;
- Continuous improvement in service delivery;
- Better management information to support each customer's own business effectiveness.

### Specific Outcomes

- Delivery of an operational shared services organisation by end of financial year 2006 - 2007;
- Delivery of operational improvements which enable upper quartile benchmarks to be delivered by 2010;
- Seen by other central government departments as an exemplar shared services operation from where to "buy" services where the preference is for a central government provider.

### Central Government Shared Services "Provider of Choice"

The SSO anticipates that it will become a provider of choice within Central Government providing services to departments who either do not have the scale or want to / can not justify the investment required to establish a shared services operation themselves.

Considerable investment has already been made in developing the shared services capability and there is an opportunity to secure additional return on the investment by providing services beyond Defra's immediate Family. This provides an opportunity to meet the scale objectives (customer employee base >20000 FTEs) and helps other public sector organisations avoid additional investment.

## 2.7 SSO Operating Principles

The SSO is focused on achieving outcomes and benefits for customer businesses through the transformation of support services. The following table summarises the design principles for the operating dimensions of the SSO.

# Shared Services Organisation Business Blueprint

## Design Principles for the Shared Services Organisation

Operating Dimension	Design Principles
<b>Site</b>	The hub of the SSO will be in York with satellite offices initially in Worcester & Alnwick
<b>Process</b>	Common processes across all customers, allowing for local policy exceptions Where appropriate, more complex activities included if the overall effect is still simplification Efficient, lower cost processes - target upper quartile benchmarking performance
<b>Technology</b>	Oracle platform Automation through enabling technologies to drive process efficiencies Enable and maximise use of self-service Aligned with other initiatives
<b>Organisation</b>	Flatter structure (within current grading) Principally organised along process lines, with an option to combine across the processes in the longer term Linking performance management to organisational development Holistic talent management approach to recruitment and retention of staff
<b>Service Management</b>	Customer-focused, collaborative and run like a business Ability to grow future offering Formalised (two-way) SLAs linked to outcomes and KPIs Development of mature, informed customer Simple charging mechanism to encourage appropriate behaviours

## 2.8 What does this mean in practice

If we accept the principle of service excellence 'our expertise - delivering your success' there are 4 elements that we will invest time, resources, skills and learning in to achieve our aim:

### A. Organisation

- All organisations within the Defra Family Sector will be included within the potential scope of the shared services operation(s) as will other non Defra family government bodies.
- Defra will be a "seller" of services both within the Defra Sector, and to other "medium sized" central government departments and departmental families. It is envisaged that this alignment will be achieved in the period to 2010.
- The design will be focused on improving the customer experience.
- We will adopt the appropriate values, behaviours and competencies, and re-organise accordingly, to underpin organisational success.

## Shared Services Organisation Business Blueprint

- Investment already made in enabling technologies will underpin the move towards self service for both managers and their teams in the SSO and customer organisations.
- We will invest in people to develop a multi-skilled workforce that is motivated, efficient and flexible to meet operational needs and provide a work environment that is conducive to continuous professional development through the provision of training, coaching and career paths.
- We will transfer best practice knowledge to and from customers and experts to build capacity within the organisation for continued success.

### B. Customer Services

- The service delivery will be designed to be customer centric with a focus on excellent customer service.
- We will work with the customer organisation to proactively support them during the feasibility, design, onboarding & transition periods to ensure that the transition to the shared service operation is as seamless & smooth a process as possible.
- We will work collaboratively with customer organisations to understand their business requirements and ensure that our expertise supports and delivers the appropriate solutions for their business success.
- We will actively manage the relationship between the customer and the SSO as a partnership relationship in accordance with the service relationship framework.
- We will actively work on knowledge transfer and building capacity within the organisation to be able to migrate new customers without the need of external support.

### C. Performance

- The operating model will support and enhance the delivery of efficiency savings in a number of ways. For example through the simplification of processes, economies of scale, new service definition or changed ways of working in the retained organisation.
- We will optimise current investments and make full use of aggregation to achieve economies of scale for shared services operations, i.e. a 'few' shared service facilities, with the appropriate rationalisation of existing facilities in order to achieve the desired scale does not necessarily mean centralisation of all operations.
- We will use recognised benchmarks and jointly accepted performance indicators to achieve, overtime, upper quartile performance.
- We will approach planning and delivery activity with a sense of pragmatism and reality, without losing a sense of focus & urgency.
- We will identify collective buying opportunities, collective saving opportunities, & optimise sharing across the family customers to achieve best value.
- We will deliver a culture where learning, evaluation and continuous improvement are a key part of our operations and the way we work with customers.

## D. Solutions [system, processes, function]

- We are focused on delivering outcomes and benefits for all our users and customers. The benefits of this are that we will not restrict our vision to just corporate services, HR, Finance, Procurement & Estates, because the assessment and transition will look at 'end to end' processes, helping customers to potentially realize wider business improvements.
- The design of all the processes within and interfacing with the stated functional areas from an organisation and customer perspective will be on an 'Oracle' ERP system.
- The process areas that are in scope include [but are not exclusive] procure to pay, sales to collect, record to report, travel and expenses, payroll, recruitment, work and life events, organisational management, training administration, occupational health, health and safety, estates strategy, facilities management and management information.

We will adopt, as a starting principle, common end to end processes in order to avoid re-invention and duplication wherever possible.

### 3 SCOPE

#### 3.1 Organisations

The table below sets out all of the organisations (Department, Agencies, and NDPB's) that collectively form the Defra Family. ***It is recognised that not all of the organisations will necessarily join the Defra Shared Services Organisation, either because they have made alternative arrangements or because it may not be aligned to their strategic plan at this point in time.***

Organisation(s)	No of Org's	FTE No's	FTE No's 1
<b>Defra Executive Agencies</b> Centre for Environment Fisheries & Aquaculture Science, Central Science Laboratory, Rural Payments Agency, State Veterinary Service, Veterinary Laboratories Agency,	5	500 600 2,500 1,300 1,200	6,100
<b>Defra Executive Agencies (FTEs &lt; 500)</b> Government Decontamination Service, Marine Fisheries Agency, Pesticide Safety Directorate, Veterinary Medicines Directorate	4	500	500
<b>Core Department and Divisions</b> Core Defra,	1	3,900	3,900
<b>Defra Executive NDPB's (FTEs &gt; 500)</b> Environment Agency, Natural England (Countryside Agency, Rural Development Service, English Nature), Meat and Livestock Commission, Royal Botanic Gardens Kew	4	12,200 <sup>2</sup> 2,800 650 650	16,300
<b>Defra Executive NDPB's (FTEs &lt; 500)</b> Agricultural Wages Board, Agricultural Wages Committee, British Potato Council, Consumer Council for Water, Food from Britain, Gangmasters Licensing Authority, Home-Grown Cereals Authority, Horticultural Development Council, Joint Nature Conservation Council, Milk Development Council, National Forest Council, Sea Fish Industry Authority, Wine Standards Board	13	500	500
<b>Public Bodies</b> British Waterways, Covent Garden Market Authority	2	1,900 100	2,000
<b>Sub- TOTALS</b>	<b>29</b>	<b>29,300</b>	<b>29,300</b>

Organisations outside of the Defra family

<b>DfES</b>	tbc	tbc <sup>3</sup>	tbc
<b>Meat Hygiene Service</b>	1	2,000	2,000

<sup>1</sup> Full Time Equivalents

<sup>2</sup> At this stage it is envisaged that EA will maintain its' existing corporate services arrangements, however, it is the strategic intent of the Department that by 2010/11 that the opportunity will be taken to integrate the EA and DFSSD operations.

<sup>3</sup> Discussions are underway to clarify which parts of the DfES family will come in to scope, current discussions indicate that the Core department and a number of its' NDPB's are likely to be included which potentially represents approximately 16,000 FTEs.

## 3.2 Services

The current focus for shared services is on corporate services, in particular:

- Finance;
- Procurement;
- HR; and
- Estates.

The proposed operating model initially addresses the roles of key functions but also looks at shared services being wider than just setting up a centre for transactional activities with its impact being more far-reaching.

As the SSO matures the opportunity to expand services into other services that can be shared will be kept under review.

## 3.3 Processes

When designing the new end to end processes the following design principles were followed.

- Clearly defined and focused corporate core to ensure clear division of responsibilities;
- Efficient process hand-offs to ensure clearly defined service offering;
- Use of technology is optimised to maximise current investment and efficiency opportunities;
- Self-service is the focus of delivery of services;
- Ease of use by end user;
- Right-skilling across processes;
- Flexible to meet changing demands;
- Improved access to and integrity of management information;
- Delivers quality and consistency of data;
- Maximises the investment in Oracle as the standard platform;
- Provides a platform for growth and provides scalability (i.e. to increase the customer base);
- Need to be flexible for different customer requirements, in terms of local policy decisions and range of services offered; and
- Roles for all parties are clearly defined and supported by SLAs and KPIs.

An overview of the future SSO service capability is provided below. More details of the end to end processes are provided in Annexe A with the planned solution improvements illustrated in Annexe B.

# Shared Services Organisation Business Blueprint

## Finance and Procurement

Our service offering covers full procure to pay services, billing and managing customer receipts, maintaining the integrity of financial data, and managing financial ledgers. This includes:

- Sourcing products and services, and managing the supplier relationship;
- Leveraging the maximum value from our combined procurement needs;
- Providing self service desktop online procurement solutions;
- Managing the process of receiving and processing supplier invoices through to payment;
- Raising and despatching sales invoices based on customer invoicing requirements and collecting and banking remittances;
- Managing any outstanding debts, engaging legal expertise when necessary;
- Managing the financial ledgers and their timely close ensuring all postings and provisions are recognised;
- Producing statutory and fiscal statements for customer sign off and submission; and
- Providing self serve access to Management Information (MI) ensuring the integrity of source data and embedding and maintaining the appropriate skills to meet customer information needs.

## Human Resources

Our service offering to support customer people management processes includes:

- Providing advice and support in recruiting the right people, attracting, short listing, selecting and then inducting successful candidates;
- Help in developing the skills & competencies of your staff by sourcing & administering development activities and maintaining learning catalogues;
- Providing employees and managers self service functionality to maintain their own records and performing an increasing range of processes on-line;
- Managing the interface with external providers for payroll, pensions, re-location and training; and
- Administering & maintaining accurate employee records and terms and conditions, responding to and resolving employee and manager queries.

## Estates

Our service offering to support Estates services & portfolio optimisation includes:

- Providing technical support to develop a comprehensive estates strategy including the sourcing and management of third party service providers;
- Management of day to day estates activities including facilities management, major construction, and estates management; and

## Shared Services Organisation Business Blueprint

- Managing the overall estates performance and the interface to third party service providers.

### 3.4 Technology

This section presents an overview of the proposed infrastructure architecture for the Defra Shared Services Operation.

The underlying technology supporting the Finance, HR, Procurement and Estates processes is Oracle. The current live version of Oracle is 11.5.10 e-business suite. The current practice has been to keep the Oracle solution up to date through performing upgrades approximately every 18 months. The timing of future upgrades will take into account the requirements of the customer onboarding plan.

The infrastructure supporting the Oracle solution is managed by IBM under the Defra e-enabling contract which commenced in October 2004. Key features of the IT services provided by IBM include:

- Support for EDEN and over 600 applications, both local and central
- Improved resilience and disaster recovery
- Central performance management

Support of the Oracle application will be provided by the SSO Oracle Business Support team with external support provided by Oracle Corporation.

The architecture overview diagram below provides an overview of the main conceptual elements and relationships of the architecture, including candidate subsystems, components, nodes, connections, data stores, users and external systems.

The diagram shows the three user groups accessing the system through the three main access channels:

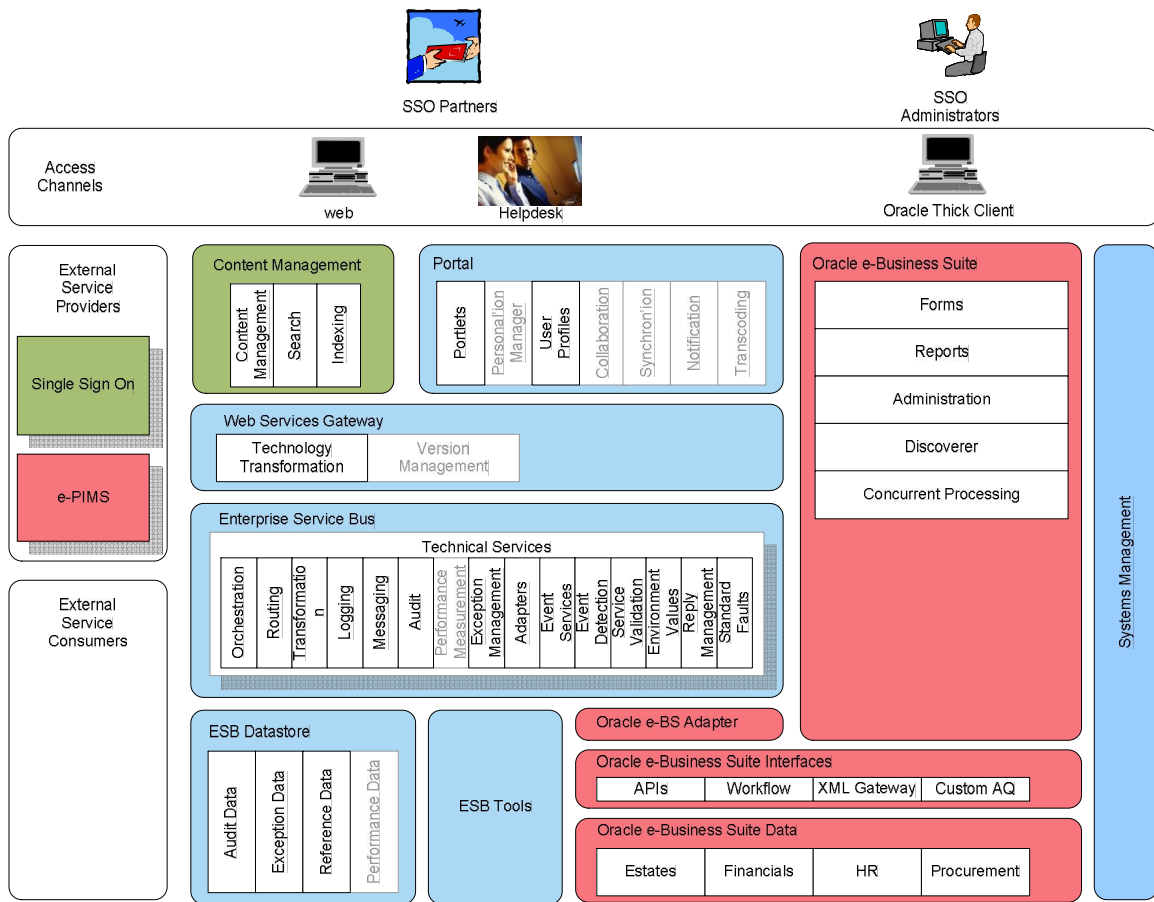
- over the Web (through the internet or intranet),
- using the Portal or standard Oracle Applications, via the SSO's helpdesk
- directly through system to system web services interactions.

Single Sign On for the system is provided by Defra's existing Single Sign On solution and Content Management Services are provided by Defra's existing Content Management Solution.

Some areas of the diagram are greyed out as although they form part of the Common Architectural Approach (CARA) vision, they are not currently planned to be used by the SSO.

# Shared Services Organisation Business Blueprint

## Shared Services Architecture Overview

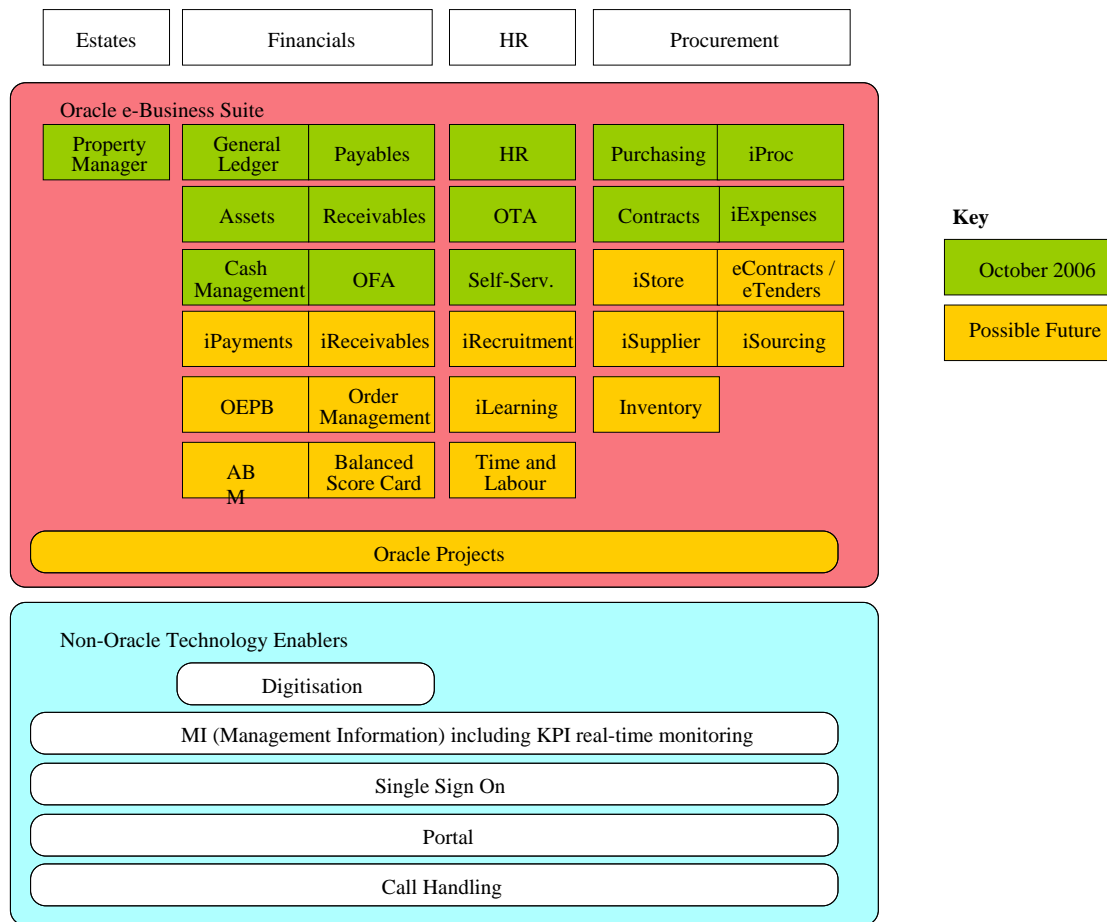


The diagram below expands on the 'Oracle e-Business Suite Data' zone in diagram 1. Beneath the four functional headings (Estates, Financials, HR and Procurement) which represent the proposed SSO service offerings to existing and new customers are two boxes. The first box presents the major components of the Oracle e-Business Suite, with modules listed below their generic area. There is a separate box for 'Oracle Projects' which extends across the figure showing that Oracle Projects is cross-functional and supports all other areas.

The implementation of Oracle Projects is now planned for post October '06 however it is included in the diagram for completeness. The second box lists the major non Oracle technology enablers. Most of these enablers are shown extending across the figure, showing they support all functional areas. Digitisation is only shown below the 'Financials' functional area because in the short-term it is expected to provide direct support only to Oracle Payables.

# Shared Services Organisation Business Blueprint

## Oracle eBusiness Suite



## 4 OPERATIONS AND ORGANISATIONAL DESIGN

### 4.1 Organisation Design Principles

A set of overarching organisation design principles have been developed to inform the design of the SSO. These design principles will be reviewed and fleshed out over the remainder of the calendar year and a new organisation model will be launched from April 2007. This timescale has been driven by the need to allow the recently created Shared Services Directorate to understand what is a 'best in class' organisation and then to consider what activities that are currently being undertaken which are fit for purpose and what activities are not. Any activities currently being undertaken by the SSO not in accordance with our vision will need to be 'returned' to the owning organisation. There are other advantages to this detailed activity analysis such as enabling staff & unions to be involved in some of the design work and for the organisation to have primary focus on improving service quality to existing customers and take on Natural England as a major new customer from October 2006.

The standing point for any new organisational design is to identify the best arrangements for a customer focused organisation. Following this start the shared service should have a mixture of multi-functional teams providing 1<sup>st</sup> line support to customers as well as specialist teams providing transactional activities and support for

The management and operational structure of the centre will need to mirror both these needs and will be, at all time, focused on the needs of the customer.

There are a number of core principles that determine the following options for a structure, in addition there are specific principles that are applied at each tier in the organisation.

		Critical success factors for the SSO	Organisation design principles for the SSO
Organisation design perspective	STRUCTURE	<ul style="list-style-type: none"> <li>Delivers customer service efficiently and effectively</li> <li>Provides clear point of contact for the Services (customer) and minimises hands-off – 'seamless service'</li> <li>Is flexible and sustainable; responsive and scalable to business requirements eg. Peaks and troughs</li> </ul>	Managed as a business and covers both the process and customer dimensions of organisation structure; <u>External Perspective</u> – structure will be Service (customer) facing with dedicated points of contact, supported by clear definition of specialist referral points, escalation procedures and responsibilities. <u>Internal perspective</u> – team-based, primary dimension for the structure will be the end-to-end processes (to focus on process excellence and continuous improvement) integrating function and service delivery. Maximises spans of control and minimises management layers – flat structures
	PEOPLE	<ul style="list-style-type: none"> <li>Enables each member of staff to deliver their part of the customer service in line with 'best in class' process excellence and quality</li> <li>Creates a performance culture</li> <li>Provides a working environment that will attract and retain the best</li> </ul>	Maximises team working & Minimises numbers of distinct roles within teams to enable multi-skilling, flexible working practices and the flow of communication and knowledge sharing Clarity of roles and responsibilities and key enabling behaviours Aligns authority and accountability to the level at which decision making is required to effectively discharge work processes Provides challenging and rewarding work, offers good career and development opportunities
	PROCESS	<ul style="list-style-type: none"> <li>Enables process excellence and continuous improvement</li> <li>Achieves clarity of service level (SLAs)</li> </ul>	Delivers common processes across the Services, which are customer focused and business driven Establishes clear process owners Enables delivery of service and performance standards that are agreed, measured and reported. Enables knowledge sharing and planning for continual improvement of service
	SYSTEMS	<ul style="list-style-type: none"> <li>Enables well supported systems infrastructure and the users of those systems</li> <li>Uses technology to deliver effective design</li> </ul>	Enables new management reporting linking SSO performance with KPIs and pay reward scheme Centralises SSO operational support activities Deploys call routing technology to enable the customer interface with the SSO Introduces a comprehensive customer feedback system to enable service development

These are the outcomes that are critical

This is how the outcomes will be delivered

## 4.2 High Level Organisation Structure

### 4.2.1 Building Blocks for the Organisational Design

The Business Blueprint sets out the main functional processes that would be within the SSO. To begin to design the SSO, these processes should be grouped together to maximise efficiency and utilise the technology. Then to address the operating principles, with particular focus on the customer 'single point of contact', areas of management need to be articulated and agreed to. These areas can be described as:

### 4.2.2 Operational Management

Functional process areas include Finance, Procurement, HR, Payroll, Estates, OBS organised in high performance teams aligned to common processes with a focus on efficiency, quality and service.

### 4.2.3 Service Relationship Management

Service Relationship Management includes building relationships with customer organisation representatives to agree service levels, response time, roles and responsibilities, quality measures, but also to manage issues arising in the delivery of the service. Performance Management includes activities to support the SSO Operations and monitors the service provided to the SSO customers through a single service relationship team.

### 4.2.4 Business Support

Like all other parts of Defra, we will need to have in place business support activities including; administration, such as general procurement, liaison and management of the building facilities, and overall office management.

### 4.2.5 First Line Support

The First Line Support team works is less 'functional' and will work across Operational Management, Service Relationship & Performance Management: this guarantees that the team will develop strong functional and process knowledge, getting high resolution at the first point of contact and hence high levels of customer and staff satisfaction. It will also continuously feed performance data into the Service Relationship Team highlighting issues as they happen.

The grouping of the functional process, leads to detailed consideration of how to manage the end-to-end processes. There are two factors to consider:

- Delivering standard processes to all customers and
- Ensuring that the SSO is customer facing.

The first factor could be achieved by the SSO using the new end-to-end processes as a method to manage by, and this achieves high levels of efficiency through:

- Standardisation, knowledge sharing and continuous improvement

## Shared Services Organisation Business Blueprint

- Performance - effectiveness, efficiency, control and accountability
- Line management, spans of control, team working

The second factor is from the customer's perspective. The provision of shared services will be driven by the customer to jointly agreed service and performance standards. This will be managed through:

- Easy access to help and information
- Measurable Performance Indicators
- Agreed Service Level Agreements
- Clear accountability for resolution and escalation
- Strong customer relationships

In terms of satisfying the design principles and critical success factors, the groupings outlined above offer an approach that achieves both the requirement for utilisation of common processes, the development of service excellence and efficiency, minimising duplication as well as providing clear interfaces with the customer and management of agreed service levels.

### 4.2.6 Organisational Design for Operational Management

Organising the SSO into 'end to end' functional process areas means that there are two areas for consideration in Operational Management, to ensure that we maximise the critical mass of skills and effective delivery.

First, the level at which the transaction processing teams will operate and secondly the level at which specialist teams will be operate. – as an example should they operate at specific sub-processes level i.e. Recruitment or should they be multi-skilled across a number of sub-processes i.e. all HR & Payroll.

In considering this issue, there are clearly different skill sets required for the two different types of teams. For example, members of the processing team need to be skilled in attention to detail and accuracy. Members of the specialist team will need to be knowledgeable about specific functional activities, able to manage variations to the standard processes and be able to advise customers appropriately.

In conclusion, the detailed design of the Operational Management will need to:

- Align these two types of teams (transactional and specialist) by processes to achieve critical mass, cost effectiveness, commonality of process delivery and consolidation of expertise, including grouping sub processes together where this makes sense to the customer.
- Ensure that Operational Management teams will support all customers (i.e. no service specific teams)
- avoid combining transactional and specialist teams
- Ensure that part of the Specialist team role will be to provide the escalation route for queries (2nd line support) not resolved at the first line, as they will hold in depth expertise knowledge of the relevant area.

## Shared Services Organisation Business Blueprint

By taking the above principles the approach will support the consolidation of processing activities into flat teams dedicated to processes or specialist knowledge; offers rewarding work and career development opportunity, enables process excellence, aligns authority and accountability, minimises duplication, and ensures commonality of processing to the customer and is easily scaleable.

### 4.2.7 Organisational Design for First line support

The first line teams will be the first point of contact for all queries received from services, by phone, fax or e-mail, and will resolve queries either at this point or through escalation to Specialist 2<sup>nd</sup> level support advising at a sub-process specific level (as detailed above)

There are two main considerations here, whether to:

- Position first line support at the process level i.e. HR & Payroll or
- Have a multi-functional First Line Support covering all SSO functions.

In considering these options it is recognised that the success of the SSO and reducing return custom would best be achieved through high levels of resolution at the first point of contact and motivated staff with an understanding of core activities. This is particularly important as new systems and ways of working will operate throughout the new SSO and detailed knowledge of functional end-to-end processes will be critical.

It is therefore proposed that the First Line Support will be provided at a process level (i.e. Finance & Procurement or HR and Payroll) because:

- It will resolve a high percentage of calls at the first point of contact giving a high level of customer satisfaction.
- The First Line staff staff will develop a strong functional and end to end process knowledge appropriate to all customers
- Increased knowledge regarding the function and the interrelationships will develop and avoid silos
- The proposal offers development opportunity for individuals to either experience variety through working on end-to-end processes or to develop an in depth knowledge at the second level.
- It will provide multi-skilling within functional areas, helping to provide flexibility in scaling and develop a source of sustainable skill-sets and promote continuous improvement
- The customer will receive a speedy response to their query, through automated call routing to the function area.

The service should be managed by a First Line Support group manager responsible for the deployment of staff to meet demand (both peaks and troughs) and ensure a consistent approach to First Line Support to the customer.

## 4.2.8 Organisational Design for Service Relationship Management

The design considerations are at two levels – strategic and operational. At the strategic level definition will be required on how service levels will be defined and managed with each of the customer groups. At the operational level we need to agree how the interface between the customer and functional teams/query management will be effectively achieved.

In terms of Performance Management there are 2 main design considerations. Firstly, how will the monitoring and reporting of service performance against SLAs be organised and secondly, how performance will be managed. The latter has implications in a number of areas, for example the overall governance arrangements for the SSO, the role of relationship management and the role of the Shared Service senior management team and group managers in creating a strong performance management culture.

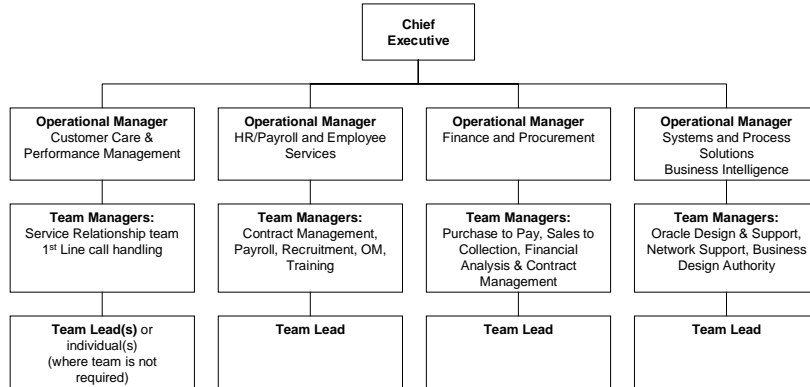
We can address these considerations by creating a Service Relationship Management function that acts as the key interface between Operational Management and customers. This also enables the delivery of a multi-functional Shared Service Organisation, by providing overall coordination of service delivery across the Functional process areas. The key features are:

- Development and ownership of the overall relationship between the customer organisation and the SSO
- Defining service level requirements from customers and agreeing SLAs, working closely with functional processing areas to achieve this.
- Performance of KPIs within functions will be the responsibility of the function and each team will be responsible for achieving their KPIs.
- Monitoring overall achievement of agreed service levels.
- Leading on resolving poor performance through working with functional processing teams
- The collection, analysis and reporting of performance

The following diagrams offer 2 initial high level design options for the SSO which will be revised, re-shaped and finalised by the end of the calendar year.

## 4.2.9 Options for Organisational Design

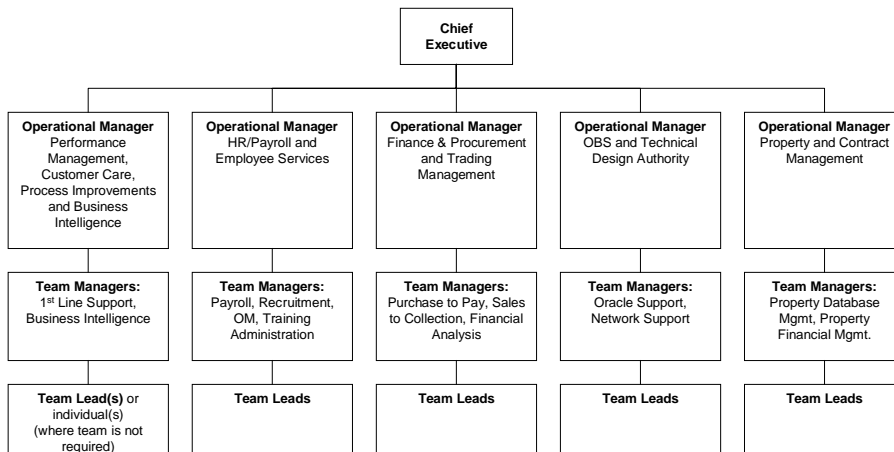
### OPTION 1



Rationale:

- Option 1 provides the mixture of specialism and multi-functional management.
- Operational managers may not necessarily be function specific specialist

### OPTION 2



Rationale:

- Option 2 provides stability in the familiarity of functional teams leading to the focus of the end to end process
- Operational managers may not necessarily are more likely to be function specific specialist

# Shared Services Organisation Business Blueprint

A role summary for each of the key positions is outlined below.

## Chief Executive Officer

This is a senior executive position to head up the organisation. It has a strong outward focus and includes ambassadorial responsibilities to manage the senior relationships with central Government, Core Defra and the extended customer base. The ability to influence and persuade senior civil servants will be an important factor in achieving the objectives of the role.

## Group or Operational Managers

Responsible for:

- the end to end process,
- for the performance of the function,
- working with colleagues to ensure the seamless application of the processes in meeting customer needs
- developing new policies and procedures for the SSO,
- provides a Head of Profession link for Chief Executive

## Team Managers

Responsible for:

- the effective operational management and delivery of the end to end process including 1st line support
- Leading implementation of new policies and procedures
- Developing strong relationships across transactional and 1st line support group managers
- customer service delivery and response to any underperforming service provision

## Team Leaders

Provide advice, support and line management to the respective teams  
Manages query resolution and escalation processes providing advice and interpretation

Responsible for the day to day management of the teams ensuring that the work programme is proactively managed for coverage, performance and flexibility

## Team Members

These staff may be:

- First line support – responsible for query management

## Shared Services Organisation Business Blueprint

- Transactional delivery – responsible for processing activities within specific process areas
- Specialists – responsible for providing more detailed advice in specific process areas.

By applying these roles, in either structure option it would be possible to develop an organisation which is both robust yet flexible to respond to changing and evolving requirements – up-scaling, down scaling or combining process areas where it is appropriate to the customer or where it is effective and efficient to do so. The numbers and levels of management will be reviewed again once we have completed the sizing activity to ensure that the operation is not over managed and maximises best practice for spans of management control.

All roles within the SSO will have new competency of ‘customer services’

### 4.2.10 Next Steps

There are still a number of areas to develop to ensure that Shared Service Organisation is operational in April 2007.

1. Governance  
A critical success factor for the Shared Service Organisation is that we get the governance arrangements correct. This will include considering the appropriate forum that enables the voice of the customer to be heard and how the interface will operate with the Heads of Profession on policy related issues. Completion of this activity will be before October 1<sup>st</sup>
2. Prepare detailed job descriptions  
Job profiles will be developed for the generic posts, with specific detailed posts in any new groups being developed from the technical advice from the Solutions Delivery workstream. Completion date for this activity will be Autumn 2006.
3. Sizing of the Shared Service Organisation  
This activity will begin once baseline information has been received from the Heads of Function. Sizing will be consistent across the different functions of the SSO, but will be based on specific characteristics of processes and will be in line with the methodology used to produce the Blueprint, To size the complete SSO it'll be important to determine the numbers of teams by volume of transactions as part of the sizing activity in the next few months, to be concluded by September, using more accurate data on FTEs and volumetrics following the activity analysis work.
4. Costing  
Once the information in size and grades is available we will cost the organisation as part of the budget preparation & CSR07.

### 4.3 Service Delivery Model

To ensure an effective delivery model in terms of value for money service, a tiered delivery model is proposed. This tiered model fully supports Defra's move to employee self-service and self-sufficiency. By moving to such a model, it is possible to adopt a framework for assessing process activity and ensuring that it is carried out,

## Shared Services Organisation Business Blueprint

at the appropriate point, by employees with the appropriate skills, offering the best service and value for money considerations for the business as a whole.

The model provides a mechanism for grouping types of transaction to allow the most appropriate channel to be developed to handle activity, focusing individuals on groups of activity that most suit skill-sets where they can add the greatest value to the business. For example, by grouping HR activity into a tiered concept, other best-in-class organisations have reaped the benefits of freeing HR advisors from mundane day-to-day transactions to focus more on issues affecting employees and the business as a whole.

The main participants in the process are:

- Employees and managers - those that initiate a transaction, or requirement (e.g. for information in the form of data and/or reports or for assistance with an enquiry or working through a problem in the business)
- Shared Services - the role of this organisation is as the facilitator of accurate recording and/or processing of data, providing and maintaining the channels for getting data into the various systems or for responding to enquiries from customers

If the partnership between these two bodies is to be successful, the customer will own the configuration and ongoing integrity of the data in the systems and the shared services organisation will own the end to end processes and systems by which this data and information is recorded and accessed. It demands that both work closely together to develop and maintain the critical elements of this to mutual benefit and satisfaction.

The proposed shared services model will meet its objectives by organising itself to be able to support customer organisations and deliver across 3 levels of knowledge and experience

### **tier 0 – Self service**

The self-service tier is designed to deliver procedural guidance and a simple transaction interface supporting employees, line managers, suppliers and customers. Based on intranet and portal technologies, with manual functionality constantly prioritised for e-enablement over time.

### **tier 1 – Generic & Bulk queries and transaction processing**

This tier will deliver generic, high volume processing and guidance, in a highly flexible, cost effective way. Access is through channels such as email, intranet and phone.

### **tier 2 – Specific advice or manual transactions requiring specialist knowledge**

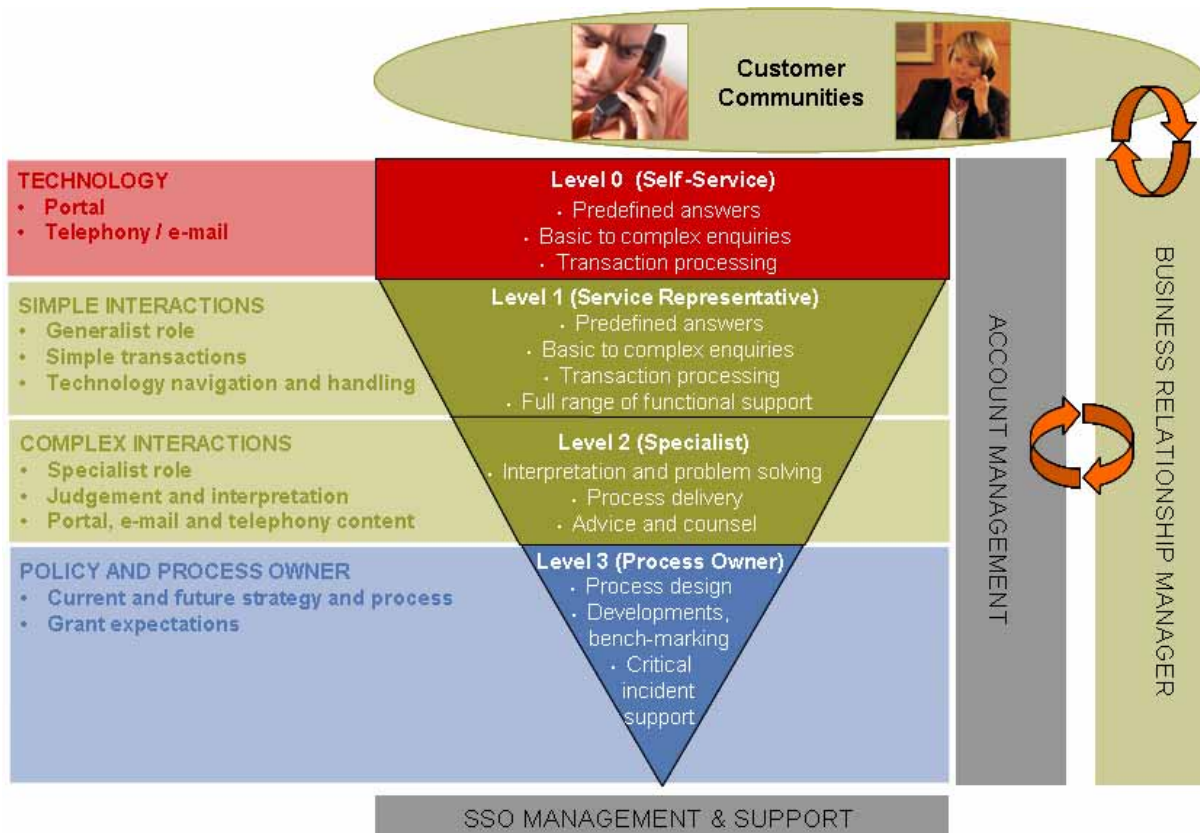
More complex transactions and case workload are handled at this level, requiring a certain degree of interpretation of policy. This tier is also responsible for resolving complex queries or carrying out detailed analysis.

### **tier 3 – Process or Function Expertise / Business Advisor**

This tier will deliver advice on the interpretation of policy and assistance with complex queries.

The tiered delivery model is represented in the diagram below.

# Shared Services Organisation Business Blueprint



## 4.4 Locations

The SSO is currently based primarily in three locations: York, Alnwick and Worcester. Finance activity has already been centralised in York and Alnwick, with HR centralised in York and Worcester. Although there was spare capacity at the York site, the core Department indicated that they would prefer not to move staff that had only recently been moved to the new central locations.

The hub of the SSO is the Defra Office at Kings Pool, York. Defra has occupied the Kings Pool site since construction in 1993. It is a 13,000m<sup>2</sup> leasehold facility, and is currently undergoing an internal refurbishment which will transform it to current standards in line with the Department's sustainability policy. It currently houses about 540 staff from Defra, The Meat Hygiene Service, and the Pesticides Safety Directorate.

The facility itself has a number of attributes which make it suitable for use as the hub of the Defra SSO hub including:

- Available capacity and future scalability: the design of the Kings Pool site and the way the buildings are positioned gives potential for future extension, should this be required, without the need to procure additional facilities.
- Sustainability: the facility is compliant with the Defra sustainability agenda.

## Shared Services Organisation Business Blueprint

- Flexibility of design: the facility is designed and built as open plan and therefore has a basic structure which does not limit or impact on the potential of future internal re-configuration or redesign.

The location strategy for the SSO will be reviewed and updated as the customer onboarding plan and, more specifically, service requirements and service volumes become clearer. Consideration will be given to single and multiple sites as well as single function and multi-function locations acknowledging the need to meet diversity criteria as well as business requirements and value for money considerations.

### 4.5 Culture of new Organisation

One of the critical success factors identified by those that have successfully implemented shared services is the ability to create a new culture for the organisation. Focusing on the culture of the shared services organisation ensures that it delivers the improved service and financial benefits that have often driven the investment. The key to the change in culture is two-fold:

- To operate back office functions as a business, similar to a front office, customer facing group;
- To focus on measures that monitor the success of the service and performance of the process, with mechanisms in place to recognise and reward staff and teams for successful delivery.

A new culture is also important because it is here that the ideas of flexible working and multi-skilling are introduced, practices that many organisations have used to great effect in accomplishing load balancing and an optimal staffing level.

As already depicted earlier in this document (see Section 2.2) in cultural terms, staff across the entire new organisation need to demonstrate:

- A high standard of customer service;
- A delivery focused ethos;
- Flexibility to respond to 'non-transactional' business requirements.

Customers, as well as staff delivering the shared services, need to:

- Honour clearly defined service and customer responsibilities;
- Adopt new ways of working to embrace a high degree of customer self-service.

### 4.6 Branding of the SSO

In order to effectively establish and promote the SSO amongst the existing and potential customer base, distinctive branding will be critical. In preparation for the first phase of delivery from October 2006, interim branding has been developed for the Shared Services Directorate to create a clear sense of purpose and direction for both customers and staff. In recognition of the fact that the permanent CEO, once appointed, will wish to influence the image and culture of the organisation as it begins its first full year of delivery, he or she will work with staff and customers during the

## Shared Services Organisation Business Blueprint

early part of 2007 to develop the final branding ready for the launch of the new organisation in April 2007.

In the meantime, the interim branding is based around the interim mission statement and interim logo as per below:



A web-based portal is being developed for all SSO services that will provide user-friendly links to all the relevant services. The portal will be for the benefit of all customer employees and all employees of the SSO. Capable of delivering multiple brands within the one portal environment, the portal will provide specific self service content and support for employees and managers.

## 5 CUSTOMER SERVICE & RELATIONSHIP MANAGEMENT

### 5.1 Guiding Principles

One of the key operating principals of the SSO is to deliver its services in a customer focused manner, one that seeks to provide comprehensive support provided through a simple and intuitive multi-channel interface.

Section 2.8b has already presented the key principals on which SSO's has developed its approach to supporting its customers, we summarised these below;

- Customer focused service delivery excellence;
- Supporting customers across the full life-cycle, from initial feasibility through to live service;
- Providing service solutions that are adaptive to the needs of customers;
- Introducing bilateral customer relationship management to help support the day-to-day management of the service;

In addition to these key principals, Section 4 also presented SSO's tiered approach to service delivery. This three tiered approach, supporting the Tier 0 self service is central to how customers will be supported. Supporting this tiered approach requires the establishment of a new dedicated customer service team that will be the focal point of access for all customers in to the service. This new team will provide customers with a fast, informed, responsive and consistent access in to the SSO.

Implicit in all of the above design principals, is the need for SSO to work in true partnership with its customers. As well as providing a dedicated point of access for customers, SSO will also require its customers to adopt the attributes of an informed, educated, customer – including establishing 'customer relationship managers' [CRMs/business partner] in order for the relationships to be successful. Experience demonstrates that reciprocal values and behaviours are a critical success factor. .

It is recognised that when organisations (SSO's customers) require more specialist advice (such as strategic advice on estate management) then access can come through the single point or go direct to the level three business advisors within the SSO.

# Shared Services Organisation Business Blueprint

SSO's approach to customer service is illustrated in the figure below;



## 5.2 Customer Service Design Principles

The following high level design principles are embodied in the SSO's approach to delivering customer focussed service delivery excellence.

### High Level Customer Service Design Principles

Service Dimension	Design Principles
<b>Access</b>	Each customer will have a dedicated multi-channel access points in to the SSO, covering telephone and e-mail addresses initially, followed by additional channels such as web.
<b>Scope of Service Support</b>	Support for the full range of SSO transactional services.  Supporting clear escalation and resolution.  Providing the account management resources and capability.
<b>Customer Services Staff</b>	SSO will provide a core team of advisors who will be able to respond to the transactional needs of customers.  Functional specialists (centres of excellence) supporting the resolution of the more complex enquiries  Support tools will be deployed to facilitate the effective handling of enquiries and support requests - such as dedicated call and knowledge

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Service Dimension	Design Principles
	management tools.
<b>Performance</b>	Customer services will seek to provide leading practice in the handling and management of customer support needs - applying leading customer service standards such as those of Charter Mark and Customer First UK

Exploring each of the above in design principals in greater detail;

- To avoid confusion as to which number to use for which type of enquiry, the SSO will introduce customer specific telephone and e-mail addresses that will allow a more tailored, streamlined and informed approach to meeting customer needs. By introducing a dedicated team it enables the SSO to provide more flexible hours of access. It is intended that the opening hours for customer service would be extended to cover Monday to Friday 08:00 to 20:00 (subject to confirmation / agreement and operational shift patterns). The customer service design will also take into account the needs for staff to have access to confidential services when contacting the SSO on matters such as welfare to have direct access to specialist advisers;
- Scope of support – the entire range of SSO services and their reciprocal support will be provided from October 2006. The customer service operation will provide both enquiry / support request services as well as dedicated service CRMs/business partners.
- Organisation – the SSO will need to establish a new customer services operation in order to support the scope of services mentioned in the previous point. The operation will employ an organisational structure which promotes the principles of simplicity and effectiveness. The main roles that will sit within the customer services operation will include; service advisors, team leaders, customer service manager along with a team of specialist CRMs/ business partners. The new operation will require a programme of bespoke learning and development activities in order to ensure staff have the necessary skills, values and behaviours as well the levels of appropriate staff management consistent with the need to provide a leading practice services operation. A high quality support infrastructure will be need to be established, one that provides both specialist functional advisors, along with tools and techniques, such as multi-channel call and knowledge management tools.
- Leading practice performance – a comprehensive set of performance standards will be developed to ensure that the SSO consistently provides excellence service to its customers. Metrics will include volume of enquiries and support requests, average response times, average handling times, percentage of enquiries resolved by the core team (one'n'done), percentage of enquiries received by e-mail and amount of knowledge made available to customers via the web etc.

The benefits to customer of the SSO establishing the dedicated customer service operation will be tangible in terms of the improved “experience” customer. The table below, sets out some of these tangible improvements that will contribute towards providing an enhanced customer experience along with some of the main enabling attributes and behaviours that will exhibited by the staff.

## Attributes and Behaviours of Customer Service

Customer Experience	Enabling Staff Behaviours & Values
Easy to use	Knowledgeable
Simple	Supportive
Intuitive	Reassuring
Rapid	Helpful
Focussed	Friendly
Reassured	Positive
Accessible to all	Comforting
	Professional
	Resourceful

Creating a professional environment is essential to supporting staff in delivering an enhanced customer experience.



Example of Customer Service Environment / Set-up

### 5.3 Service Relationship Framework

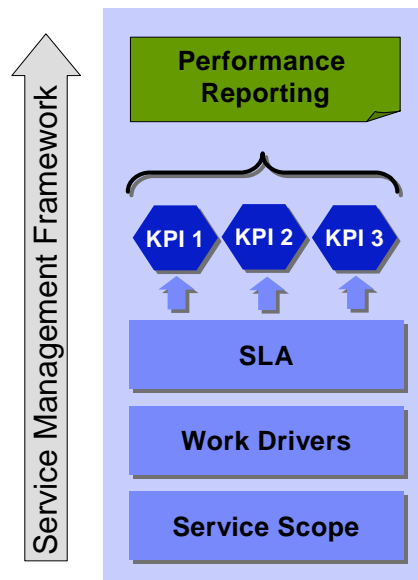
Pivotal to the success of a Shared Services Organisation is a 2-way open, frank and constructive customer / supplier relationship; commonly documented and managed under the umbrella of a **Service Relationship Framework (SRF)**. The SRF is an arrangement between both parties, outlining the responsibilities, service expectations and governance of this business relationship. The SRF is a mechanism to support the relationship rather than just a list of tasks to be performed by both parties to the agreement. The SRF agreement serves as a memorandum of understanding between both parties, with detailed specifications contained in the attached SLA agreements and appendixes

A critical component is the complimentary (but separately documented) **Service Level Agreement (SLA)**, which predominantly focuses on these tasks and the measurement of the standard of services provided. Many contracts for the provision of shared services are entered into on the basis of an SLA only. The SRF goes further by embracing all areas of the relationship that must be documented to maintain a professional relationship:

# Shared Services Organisation Business Blueprint

- Detailed Operational and Service Responsibilities Matrix;
- Key Performance Indicators;
- Charging Mechanism;
- Relationship management;
- Resolution Procedures;
- Operational Continuous Improvement culture.

The approach to SRF is illustrated below;



## Service Management Framework

### 5.3.1 Design Principles

Outlined in the table below are the key design principles that have been used to inform the operation of the proposed framework. These principles are based on best practice and previous proven organisational experiences.

#### Service Management Design Principles

Service Dimension	Design Principles
<b>Operating Mentality</b>	Customer focused and run like a business Independent business entity
<b>Service Relationship / Performance Management</b>	Formalised Service Level Agreements, linked to KPIs Two way agreements between the shared services organisation and customer organisations
<b>Charging Mechanism</b>	Simple charging mechanism with benefit sharing for customers Fixed and variable elements (to encourage positive behaviours)

Additionally these principals will mean that;

## Shared Services Organisation Business Blueprint

- Both SSO and its customers will need to establish dedicated CRM structures and capabilities, in order to act as the principal day-to-day points of contact and management of the SRF and SLAs.
- The customer will be charged commercially but equitably for these services, initially calculated to achieve a breakeven cost model. The SSO is committed to sharing the benefits of on-going process improvements and thus the charging mechanism is designed to encourage positive client behaviour: providing benefits for increased efficiency lowered processing time elimination of bottlenecks. As the charging principals are being designed to drive commercial efficiencies within the SSO and customer, the SLA charging mechanism must initially be reviewed regularly (at least yearly) to reflect the true cost of doing business. This allows for the evolution over the life of the Service Contract:
  - to accommodate technological advancements;
  - to accommodate shifting business priorities;
  - to take advantage of cost/value trade-offs;
  - and to account for operational improvements.
- The SSO also however retains the right to seek reasonable reimbursement from the customer for all incremental costs incurred by the SSO for systems, interfaces, forms, assigned headcount and processes as a result of changes made to the customers systems, interfaces, employment or estate structures, processes OR organisational design and structure.
- The SSO focus is on providing a cost effective and efficient commercial service. Thus the Continuous Improvement option will be selected for the charging model. Timing of charging needs to consider annual cash budgetary constraints.

### 5.4 Service Level Agreements

Service Level Agreements (SLA's) will be central to the service relationship.

#### 5.4.1 Definition of a Service Level Agreement

Service Level Agreements are documented agreements that define the relationship between the shared services organisation and each respective customer organisation, and outline the responsibilities of both parties to this relationship. They will include:

- Key principles for the service relationship between the shared services organisation and customer organisations;
- Scope of services to be provided;
- Responsibilities of both the shared services organisation and customer organisations;
- Specific metrics against which both the shared services organisation and customer organisations performance will be measured;
- Definition of how issues regarding service performance are escalated by either the shared services organisation or customer organisations.

# Shared Services Organisation Business Blueprint

## 5.4.2 Service Level Agreements for Defra

It is assumed that there will be a service level agreement for each business that brings together all functional services. It will be important to adopt as light an approach as possible, understanding that Executive Agency and NDPB structures will have specific requirements.

A standard SLA template has been developed with a common look and feel across all functions. This will ensure that they can be brought together into one document, but also will give a common structure across customers also. Any local changes or variations will be an appendix to the SLA. An example of a SLA is depicted below;

Service Level / Operating Level Agreement							
Customer Organisation : XYZ Agency							
Process : Purchase to Pay							
Service Level				Operating Level			
Service Description	Frequency	Service Level	Responsibility	Activity Description	Frequency	Operating Level	Responsibility
(1) Implement and enforce agreed PIP Procedures	On-going	Implement within 15 days of receipt*	SSO AP Process Manager	Define PIP procedures (in collaboration with SSO Management) and limits of authorities and provide to the SSO	On-going	Communicate procedures and limits of authorities to the SSC 15 days before their enforcement is required*	Customer Management
(2) Check all invoices/expense statements received from Client Sites or centrally received for statutory and tax compliance, completeness of coding, order information, authorisation (in line with authorisation policy)	Daily	Checks performed on day of receipt into SSC*	SSO AP Processing Team	For these invoices/expense statements requiring local approval and coding, send documents to the SSO in due time for payment, i.e., before they are overdue for payment, properly coded and authorised as appropriate.	Daily	Forward invoices / expense statements within 1 week of receipt from supplier*	Customer budget holders / Authorised Personnel
(3) Reject invoices where PO number/ or Employee Code (inv. < 100 Pounds) is missing and send back to supplier	Daily	Send invoices back within 1 day of receipt into SSC*	SSO AP Processing Team	Implement agreed document flow and coding procedure and educate suppliers accordingly	Daily	Provide information and guidance to supplier at the time the orders are placed	Procurement Department and Authorised Personnel
(4) Reject invoices where Analytical Coding & Approval is missing (Non PO related invoices > 100 Pounds) and send back to requester	Daily	Send invoices back within 1 day of receipt into SSC*	SSO AP Processing Team	Implement agreed document flow and coding procedure and educate suppliers accordingly	Daily	Provide missing data and send documents back to the SSO within 3 days of receipt*	Procurement Department and Authorised Personnel
(5) Process all documents ready for processing into Oracle	Daily	Process within 2 days of receipt into SSC*	SSO AP Processing Team	Create Purchase Orders and enter goods receipts in Oracle accurately and timely, with full and proper accounting information in accordance to agreed customer procedure	Daily	Create orders in Oracle, prior to commitment to suppliers, for all orders (in accordance with agreed client procedure). Enter Goods/Service receipts in Oracle within 1 day of actual receipt	Procurement Department and Authorised Personnel Goods/Service Recipients

Notes : The above is indicative of the type of items contained in an SLA and do not form a complete PIP SLA  
\* Service and Operating Levels are indicative only

It is envisaged that the rollout of SLA's will occur with each transition to ensure clear communication with customer management on the nature and purpose of the agreement. A flexible approach must be adopted such that the SLA is tailored to each customer and that the SLA is allowed to develop and evolve as the shared services organisation matures.

Regular Service Reviews by both shared services organisation and customer organisations will occur through the Operational Board of the SSO. From the outset, however, it will be critical that both parties have ownership of the agreement.

Performance targets will be designed to be simple and data collection automated. Ideally performance measures will be based on a common process taxonomy to enable comparison with external organisations. Measure will include both performance 'inputs' from the customer as well as service 'outputs' from the shared services organisation. Targets and measures set will be challenging but achievable and will be benchmarked against industry standards periodically. Customer satisfactions surveys/ feedback will be a key cultural element.

## 5.4.3 Key Responsibilities

It is critical to the success of this partnership that:

- Both parties recognise the interdependencies between one another and the need to work together as a seamless team in order to meet or exceed set expectations. This means adoption of standardised processes and adherence to all applicable Defra policies.
- Day to day operational issues will be resolved by interaction and agreements between SSO's CRMs and the corresponding roles within the customer organisation. Both teams are expected to embrace and implement: quick and practical issue resolutions in a professional manner, process efficiency opportunities, and a continuous improvement culture. Additionally, regular contractual review meetings will be scheduled.
- A joint customer/SSO service committee meets quarterly (or more frequently, as required) to review: service level performance by process (KPIs), systems/process change requests and progress on open priority issues raised but that remain unresolvable by the day to day teams.

## 6 PEOPLE MANAGEMENT

### 6.1 Employer of Choice

The success of the SSO rests with the quality of our people and our shared commitment to retain and develop each employee.

The SSO will develop a new structure designed to support a customer focused organisation, and our key employee principles are:

- The SSO will respect, value and develop its employees and encourage diversity;
- The SSO will have flexible working, e.g. part-time roles, flexi-time, job sharing;
- The SSO will aim to retain people with the right skills and minimise staff turnover;
- SSO staff will be trained to operate in a customer focused environment;
- All employees will have personal development plans (PDP's) and opportunities for career development;
- The SSO will encourage feedback and performance measurement, supported by appraisals, annual reviews, staff survey and 360 degree feedback; and
- We will be introducing a 'talent management strategy' as a comprehensive 'recruitment to retirement' programme to support, develop and manage our staff.

### 6.2 HR Guiding Principles for staff affected by the move to the SSO

The following high level principles are applicable to all affected staff, irrespective of their current position within the functional and organisational groupings currently within the scope of the SSO:

- All affected staff will be treated fairly and equitably in accordance with Defra's obligations as an employer
- The management of the SSO will communicate with staff and their representatives (DTU's) throughout the period of the transition and post customer onboarding
- Appropriate recruitment, retention and learning and development policies will be put in place to ensure the right capabilities are available in both the new, retained and customer organisations, as appropriate
- During the transition, learning and development opportunities, and support, will be available to managers to enable them to lead the transition well
- Appropriate HR information will be provided to staff and their managers to inform their decision-making

## 6.3 Recruitment and Selection Framework

The aim of the policy is to recruit / select and retain the right people with the right skills for the right job.

The recruitment and selection of SSO employees during the period of onboarding of services into the SSO is currently being planned. Staff from Countryside Agency and English Nature will transfer into DFSSD on 1 Oct 06 and will be eligible for roles in the SSO on the same basis as existing DFSSD staff.

## 6.4 Operational Requirements

The hours of working and operational requirements of the SSO will reflect the requirements of our customers and provide opportunities for flexible working to our staff.

# 7 CUSTOMER ONBOARDING

## 7.1 Customer Onboarding Strategy

The customer onboarding strategy describes the relationship between the various system 'go-lives', transition to new processes and new ways of working and of the customer groups roll-in to the SSO.

It is recognised that there are a number of issues in relation to the provision of current support services in both the customer organisations as well as the newly defined shared service organisation. Work on the route map is underway and will continue for sometime as the concept of an 'intelligent customer' and 'educated service organisation'.

For the SSO some very practical issues have to be worked through to ensure an effective customer onboarding plan is jointly pulled together and key questions that help us include:

- Where does duplication already exist across the current service provision?
- What sources of information exist in the customer organisation?
- What is the current corporate service provision within the customer organisation?
- What is the current management information within the customer organisation?
- What are the current costs of delivery?
- What are some of the current performance indicators?
- What is the current investment cycle?

In turn, a number of principles need to be defined and agreed by the customer organisation in order to complete any onboarding plan. Key principles cover:

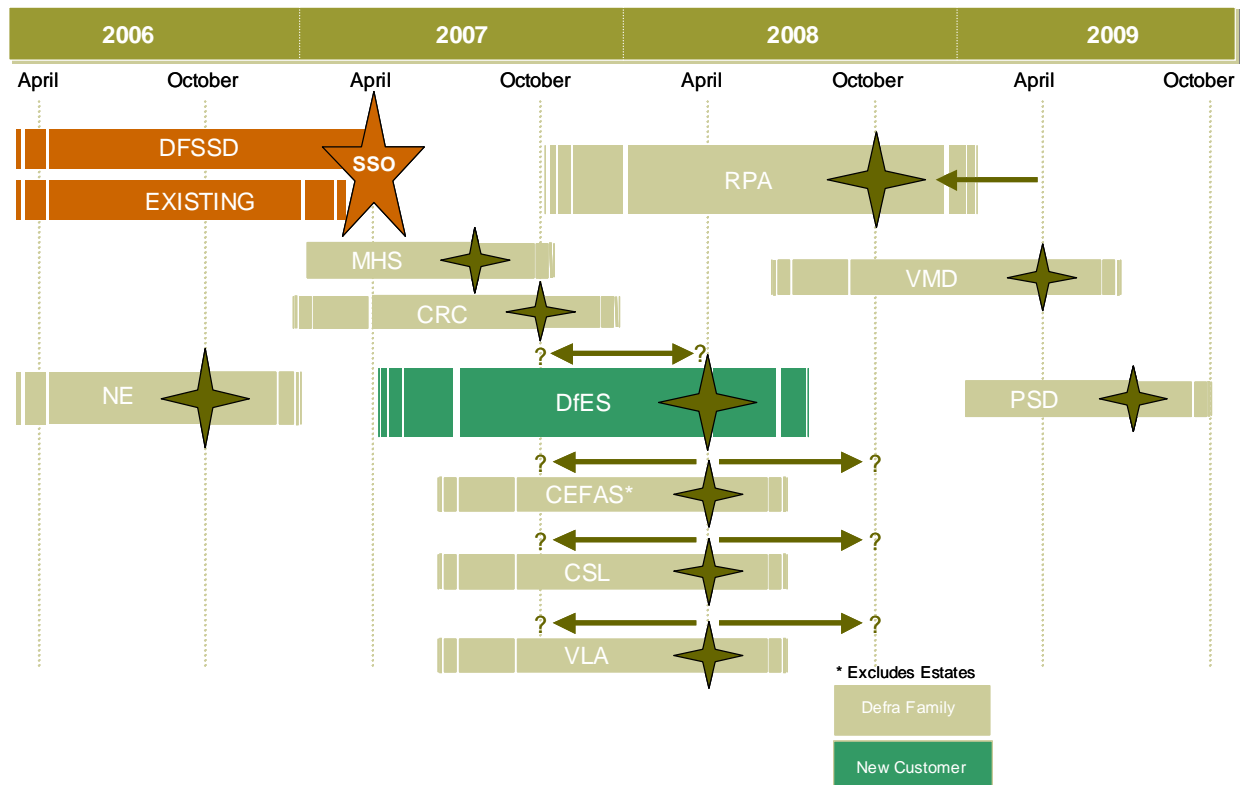
- Ensure that the rate of transition is such that the organisation can absorb the changes and embed them into the business
- Ensure that the rate of transition is one which minimises disruption to the on-going business operation and services
- Ensure that the systems are delivered in a timely manner and do not become the sole determining factor relating to when to make the transition in the respective customer business
- Recognise the limitations of when the SSO will be available with the required capacity and standards of accommodation needed
- Minimise the need for dual working [old and new processes/systems concurrently]
- Group the activities that go-live together based on where they impact the same process and or groups of people
- Progressively bring in the flow of benefits
- Transfer of knowledge to and from the customer organisations
- Progressive rollout to customer organisations, each move in turn to be supported by the SSO

## Shared Services Organisation Business Blueprint

- Capturing the learning from earlier work and applying it to the next phase of work.

### 7.2 Customer Onboarding Map

Recognising the direction of travel that the Defra family, and our potential external customers are undertaking, the following customer onboarding map is only a draft proposal at this time as a result of 121 meetings held with family members and DfES.



The above draft onboarding plan has also taking into consideration the following factors:

- Early customer commitment required to build onboarding strategy
- Window every 6 months for customer onboarding i.e. April & October
- No more than 2 customer organisations go live at the same time
- Onboarding for each new customer should start 9-12 months prior to SSO migration
- Prior engagement necessary to build awareness and make preparations
- Equal consideration of Defra and non-Defra customers
- The full end-to-end scope for Finance, Procurement and HR implementations is highly recommended as the default position with phasing being considered in that context.

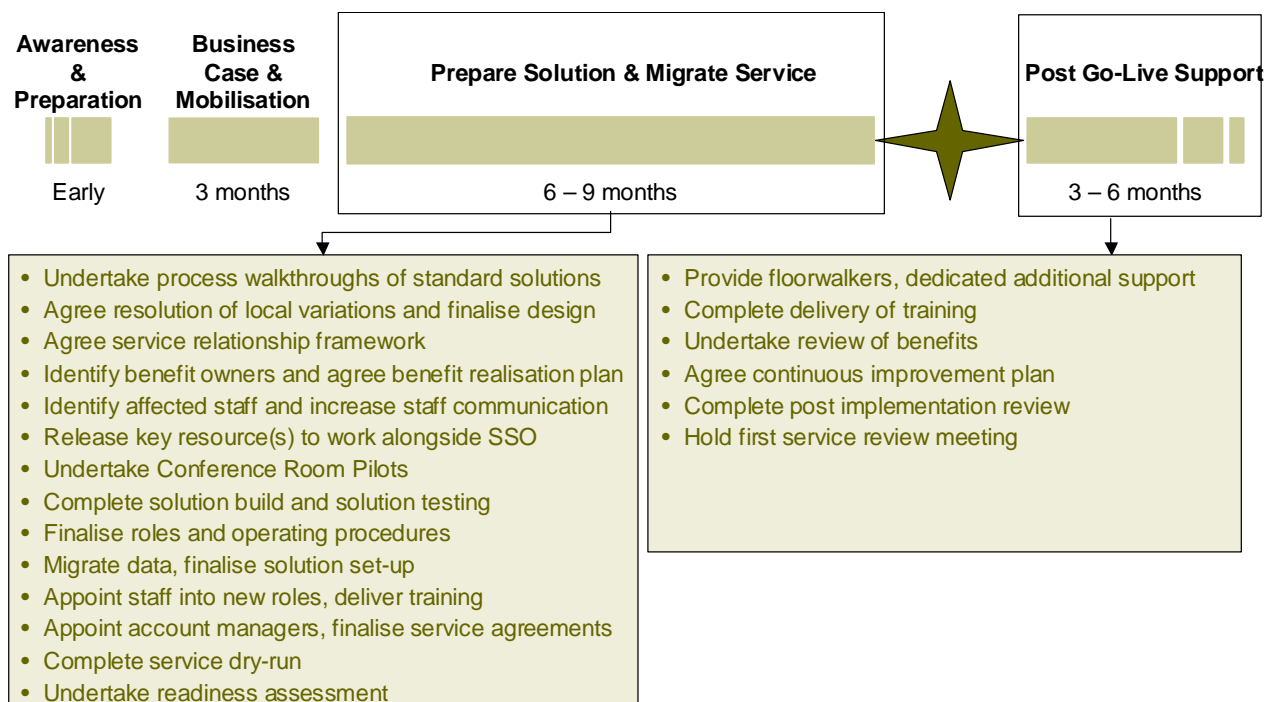
## 7.3 Customer Onboarding Plan

The following 2 diagrams illustrate the four phases, timescales and key activities to be undertaken during each customer onboarding.

### Phases 1 and 2



### Phases 3 and 4



## 7.4 Customer Onboarding Assumptions

The Defra Shared Services Programme Board has confirmed the following assumptions regarding the customer onboarding strategy.

Organisation(s)	Working Assumptions / Decisions
<b>DFSSD</b>	<p>Defra Family Shared Services Directorate<sup>4</sup> (DFSSD) is an established Defra corporate services operation, which is being transformed to enable it to provide upper quartile shared services to customers.</p> <p>In the short term DFSSD is focused on becoming a provider of choice within central government and anticipates being in a position to provide corporate services to departments beyond the Defra Sector in the short to medium term<sup>5</sup>. This will ensure that scale objectives can be achieved without the need to integrate the operations of Environment Agency in the short / medium term.</p>
<b>Environment Agency</b>	<p>The Environment Agency is expected to continue to provide its own Corporate Services for the immediate future. There is however a strategic intent within the department that the entire Defra Family is supported by the DFSSD in the medium / longer term. At this stage this is a Phase activity which is likely to occur in the 2010/11 timeframe. The final decision would be based on value for money considerations.</p>
<b>Agencies and NDPB's &lt;250 FTEs</b>	<p>The default assumption is that Agencies and NDPB's with less than 250 FTEs<sup>6</sup> will continue with their existing Corporate Services arrangements with the timing for inclusion into the DFSSD to be based on a case by case assessment.</p>
<b>Non Defra</b>	<p>Defra is establishing its SSO with the view that it will "sell" services to other government departments. The customers are expected to be other central government departments (particularly medium sized departments and their NDPB's / Agencies.</p>

<sup>4</sup> The creation of DFSSD as a Directorate of the core department is seen as an interim step in the creation of an independent body for the shared services operation, which it is recognised must be seen to operate independently at "arms-length" to the core department.

<sup>5</sup> 2007/08 is the provisional date when DFSSD anticipates being able to provide services to other government departments

<sup>6</sup> In the case of the smaller organisations it is unlikely that significant benefits will be realised through FTE reductions, consequently the opportunity to migrate them to the SSO will need to be aligned to: the replace cycle of back office systems; business need. It is anticipated that this will be undertaken on a case by case basis.

## 8 GOVERNANCE

### 8.1 High-Level Governance Model

Governance is the means by which processes, organisation, principles and policies are collectively applied to steer and manage the provision and investment in the SSO. Detailed governance arrangements are being developed and will be finalised in full consultation with customers.

The following principles of governance for the SSO have been defined:

- Governance should be pragmatic, streamlined and be capable of achieving fast and effective resolution of issues;
- Transparent and open;
- Strong emphasis on customer involvement;
- Independent expertise and chairmanship;
- Founded on effective account management at working level;
- The governance arrangements must support:
  - Effective and efficient performance management;
  - Flexibility to meet business needs;
  - Exercising control at the right points; and
  - Ability to sustain common standard processes that improve performance.
- The SSO will, for the foreseeable future, be part of the Defra Department but is to be structured as a separate unit that allows it to work independently and enables transparency of it's:
  - Organisation (resource management, culture);
  - Planning and management (budgeting, charging); and
  - Service performance for each customer including the tracking and assessment of agreed improvement initiatives.

Three layers of governance are proposed representing strategic direction & account management within the SSO. The three layers of governance comprise:

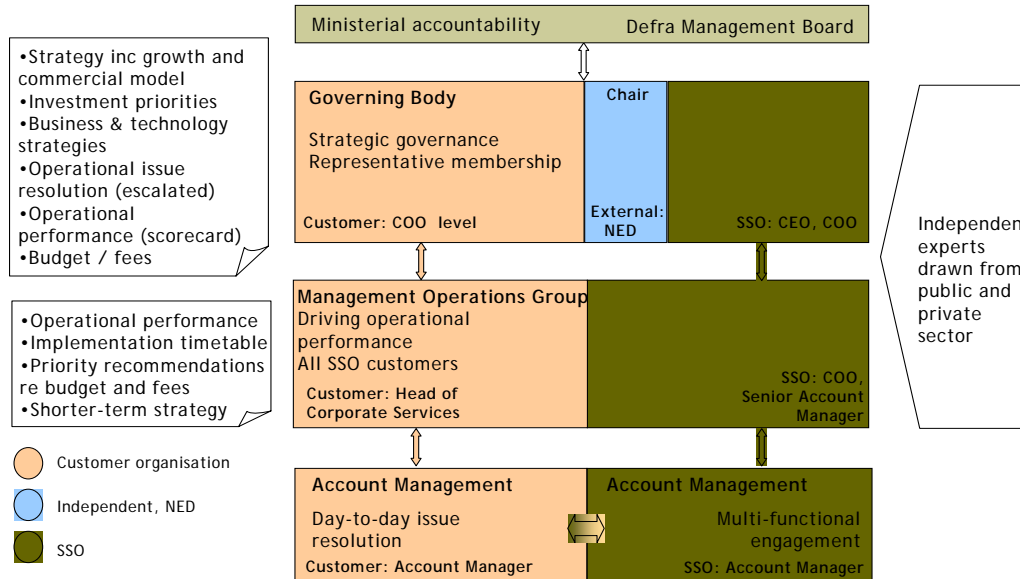
- **Governing Body** - setting strategic direction (including growth model, budget & fees)
- **Management Operations Group** - driving operational performance
- **Account management** - resolving day-to-day issues

A longer-term structure will be in place from April 2007 with interim arrangements put in place that represent customer views.

# Shared Services Organisation Business Blueprint

The following diagram illustrates the proposed high-level governance arrangements.

## DRAFT GOVERNANCE ARRANGEMENTS



## 8.2 Governing Body

- To meet at least once a quarter and will be chaired by a non-executive director
- representative (balancing representation with effective decision-making)
- deals with strategy, investment priorities, growth and commercial model, budget & fees
- external input from independent experts

## 8.3 Management Operations Group

- meets monthly (six-monthly strategic meetings)
- fully representative – all customers included
- chaired by customer or independent NED – customer-driven
- deals with operational performance, detailed implementation issues, budget & fees
- external input from independent experts

## 8.4 Account Group

- day-to-day issue resolution
- critical to success of the SSO.

## 9 FINANCIALS

### 9.1 Business Case

The following table summarises the business case costs and benefits, excluding Estates efficiencies that were contained in the feasibility study business case approved by the Programme Board in May 2005.

£m	2005/06	2006/07	2007/08	2008/09	2009/10	Total
<b>Expected Benefits</b>		<b>2.5</b>	<b>15.0</b>	<b>24.8</b>	<b>24.9</b>	<b>67.2</b>
<b>Costs</b>						
FTE movement		(0.6)	(13.6)	(9.4)		(23.6)
Agency onboarding		(2.1)	(2.9)			(5.0)
Technology	(1.2)	(1.5)	(0.7)			(3.4)
Programme	(3.9)	(4.9)	(1.1)			(9.9)
Increased delivery costs	(0.1)	(1.4)	(3.9)	(4.5)	(4.5)	(14.5)
<b>Total Costs</b>	<b>(5.2)</b>	<b>(10.5)</b>	<b>(22.2)</b>	<b>(13.9)</b>	<b>(4.5)</b>	<b>(56.4)</b>
Total net benefit	(5.2)	(8.0)	(7.2)	10.9	20.4	10.8
Cumulative net benefit	(5.2)	(14.9)	(21.7)	(12.4)	4.9	

The SSO operating budget is being finalised along with the proposed charging model. These will both feed into an updated Business Case that will be available in July.

### 9.2 Target Benefits

Benefits will be achieved across all service areas through the rigorous application of best practice processes in both the SSO and customer organisations and exploitation of technology. It is envisaged that the bulk of the savings will occur in the customer organisations with the SSO focussing on output improvements i.e. delivering more with the same.

In Finance the majority of savings will be as a result of headcount reductions as it moves to best practice ratios in invoice processing from 3000 per FTE to 12000 per FTE.

In HR the majority of savings will be FTE reductions as a culture of self service is embraced and Defra move from current performance levels of 1 HR FTE per 35 employees to a ratio of >100 to 1.

In Procurement savings will be generated through economies of scale, automation of low value procurement activities, leveraging the total spend across the Defra family and introducing a common procurement process.

## Shared Services Organisation Business Blueprint

In Estates savings will be generated by reducing the Defra footprint, better utilisation of space, consolidation of FM providers and the ability to implement common estates policy across the Defra family.

The following tables summarise the expected benefits for the Defra family (excluding Environment Agency) by benefit area and by customer. The projected benefits are based on initial information returned by customers on current resource levels and the expected efficiencies from moving to shared services. Further work will be carried out to validate the baseline data with each customer.

Functional Area / Initiative	2006	2007	2008	2009	2010	Annual Sustainable
<b>Finance</b>						
AP Digisation		0.5	0.3	0.1		0.8
AP Self Service		0.1	0.1			0.2
AP Efficiency		0.5	0.3	0.1		0.9
AR Self Service		0.1	0.1			0.2
AR Efficiency		0.2	0.3	0.0		0.5
Reporting		0.4	0.4	0.1		0.8
Non-FTE Efficiency					1.9	1.9
		1.6	1.5	0.2	1.9	5.3
<b>HR</b>						
Self Service	0.6	1.3	2.3	0.1		4.3
Call Centre	0.2	0.2	0.3			0.7
Digitisation			0.2			0.2
Efficiency	0.5	0.8	0.6	0.0		1.8
Organisational					0.3	0.3
Other			0.2		0.2	0.5
Other FTE Savings					0.4	0.4
	1.3	2.2	3.7	0.1	0.9	8.2
<b>Procurement</b>						
Efficiency	0.0	0.0	0.3		3.0	3.3
Strategic Procurement		14.0	14.0	14.0	14.0	14.0
Other FTE Savings					1.4	1.4
	0.0	14.0	14.3	14.0	18.4	18.7
<b>Estates</b>						
FTE Benefits	0.9	0.3	0.3	0.3		1.7
Property Rationalisation		3.6	12.9	17.8	17.8	18.8
Other FTE Savings					1.5	1.5
	0.9	3.9	13.2	18.1	19.3	21.9
FTE Benefits	2.2	4.2	5.7	0.6	8.7	21.3
Non FTE Benefits		17.6	26.9	31.8	31.8	32.8
<b>Total Benefits</b>	<b>2.2</b>	<b>21.8</b>	<b>32.6</b>	<b>32.4</b>	<b>40.5</b>	<b>54.1</b>

## Shared Services Organisation Business Blueprint

Customer Breakdown (£m)							
Date of Migration	Organisations Impacted	2006	2007	2008	2009	2010	Annual Sustainable
Apr-06	Core + NE	2.2	6.3	6.3	6.3	6.3	6.3
Oct-07	DfES						
Apr-08	CEFAS			0.7	0.7	1.7	1.7
Apr-08	CSL			0.7	0.8	1.8	1.8
Apr-08	VLA			1.1	1.3	3.0	3.0
Oct-08	RPA			3.2	3.5	8.4	8.4
Apr-09	VMD						
FTE Benefits		2.2	6.3	12.0	12.6	21.3	21.3
Strategic Procurement			14.0	14.0	14.0	14.0	14.0
Property Rationalisation			3.6	12.9	17.8	17.8	18.8
Other Benefits			17.6	26.9	31.8	31.8	32.8
<b>Total Benefits</b>		<b>2.2</b>	<b>23.9</b>	<b>38.9</b>	<b>44.4</b>	<b>53.1</b>	<b>54.1</b>

The above annual sustainable benefit of £54.1m compares to £45.9m reported in the Business Case approved by the Defra Management Board in November 2005.

### 9.3 Overview of movement in FTE Staff

The following table summarises the estimated movement in staff delivering corporate services within the Defra family (excluding Environment Agency) as a result of the move to shared services.

	2006 June	2006 Oct	2007	2008	2009	2010
<b>SSO</b>	293	322	207	316	318	303
<b>Retained Organisation</b>	684	635	592	249	225	225
<b>Total</b>	976	957	799	565	543	528

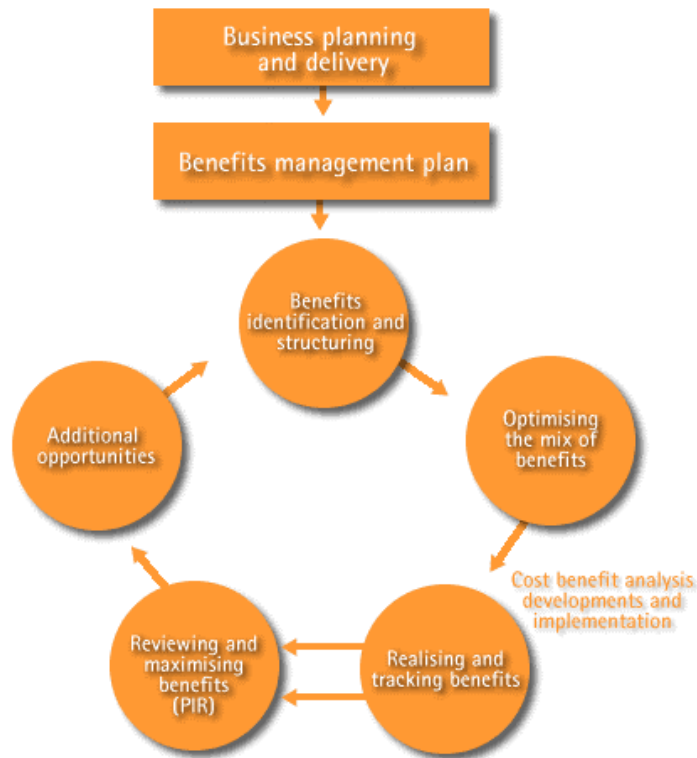
The above table shows a projected release of approximately 450 FTEs.

### 9.4 Benefit Management

The SSO will follow the recommended approach to benefits management contained within the OGC's 'Managing Successful Programmes' (MSP) guide and 'Successful Delivery Toolkit'. The OGC recognises that the benefits management process needs to be tailored according to the organisation and type and size of the proposed change.

# Shared Services Organisation Business Blueprint

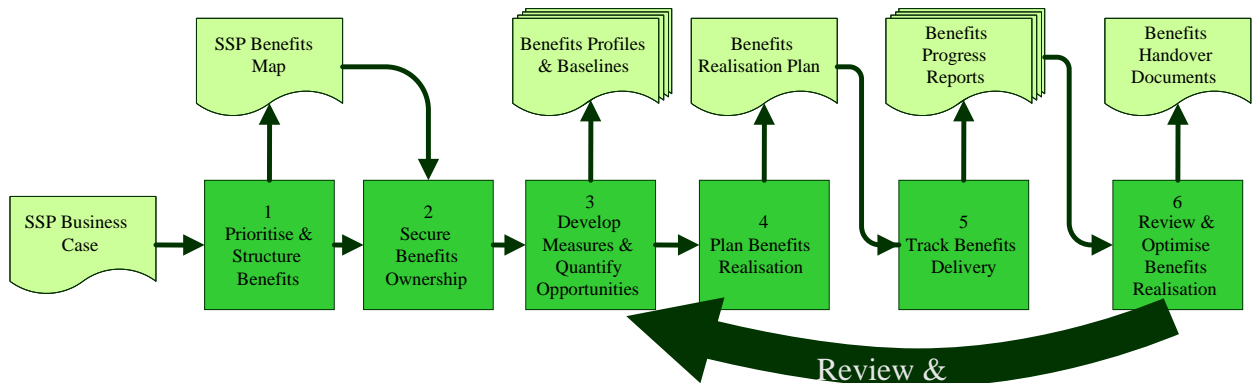
The OGC suggests the following process:



This benefits management framework has been developed taking account of guidance and best practice examples from OGC, Defra Programme and Project Management Unit (PPMU) and other government departments where appropriate to recommend a generic process for benefits management that can be applied across all customers organisations and within the SSO.

The recommended benefits management process consists of six sequential stages, though there may be many iterations of the definition and planning stages as the programme develops.

The Benefits Management Process consists of 6 key stages, the diagram below gives an overview of the process and sets out the key products at each stage. It is important to note that these stages are not strictly sequential, but are iterative.



The stages are outlined below:

## Shared Services Organisation Business Blueprint

### 1. Prioritise and Structure Benefits

The purpose of structuring of benefits is to provide a sound rationale for the transition to shared services for each customer. This structuring exercise answers the question, "Why are we doing this?" - it seeks to align benefits from moving to shared services with overall customer business goals.

### 2. Secure Benefits Ownership

Securing benefits ownership is critical to the realisation of benefits. This presents particular challenges for the SSP because it will deliver benefits across geographical and organisational boundaries.

### 3. Develop Measures and Quantify Opportunities

The purpose of this step is to establish a baseline that will be the starting point for realising the benefit and to produce a Benefit Profile for each benefit. The profile will take the information contained in the benefits baseline and develop it to the next level of detail, including more specific enabling actions and the monitoring regime.

### 4. Plan Benefits Realisation

The purpose of the benefits realisation plan is to establish a schedule for benefits delivery and a timetable for the benefit management process. Benefits realisation planning and management will be integrated with programme management; these activities are closely associated with programme issue and risk management.

### 5. Track Benefits Delivery

The fifth stage of the benefits management process is to track and deliver the target benefits. Delivery will be planned and monitored as part of the customer onboarding process, using benefit profiles as the starting point. The SSO will establish a benefits-tracking regime, and assign responsibilities for reporting on realisation.

### 6. Review and Optimise Benefits Realisation

The SSO customer onboarding manager will regularly review and assess the progress the programme is making towards realising the strategic benefits and report to the Customer Board. These reviews will be scheduled at major milestones, or quarterly, whichever is the shorter duration. This will provide the opportunity for reshaping, prioritisation and further benefit identification by the Customer Board.

## 9.5 Benefits Realisation in Customer Organisations

Each customer will need to appoint change managers with a clear mandate to achieve the necessary level of change to deliver the benefits of the Shared Services Programme in full.

Much of the benefit of the Programme lies outside the SSO, within the customer organisations themselves. Achieving organisational and process change in the customer organisations is key to releasing the potential benefit available through the creation of the SSO.

The SSO has no direct authority to mandate the required level of change to achieve the required savings. While budget cuts can be imposed, without appropriate change management, these will not achieve the desired outcome. The core Department, Agencies and NDPBs may end up unnecessarily overspending or cutting service

## Shared Services Organisation Business Blueprint

levels. Change is best achieved from within each of the customer organisations than imposed from outside.

Achievement of the level of change necessary will not be straightforward, and the emphasis that must be placed on change management must not be underestimated. Customer organisations will need to maximise efficiencies that are available to them through joining the SSP, and also establish best practice ways of working alongside the SSO to maximise the benefit from the new services. In many cases significant reorganisation, restructuring and process change will be needed. This change lies outside the SSP, and Defra must ensure that it takes place. The establishment of change managers in each of the customer organisations will be key to this.

The role of the change manager in the customer organisation is vital to achieving the level of change that will fully realise the benefits offered by SSP, and should be mandated by the Defra Management Board.

The benefits manager will be responsible for ensuring that benefits profiles and realisation plans are agreed with each customer organisation as appropriate and ensuring accountability for them is formally transferred from the Programme to that organisation.

### 9.6 Benefits Realisation within SSO

As the SSO is established the responsibility for realising those benefits that are within the direct control of the SSO must be vested in the new organisation through its CEO, and the SSO must become fully accountable for the realisation of these benefits in the same way as the individual customer organisations will be responsible for benefits the SSO cannot directly control.

The benefits manager will be responsible for ensuring benefits profiles and realisation plans are agreed with the SSO where appropriate and ensuring accountability for them is formally transferred from the Programme to that organisation.

Once the SSO is established and members of the Defra family have transitioned to the SSO, or customers have come onboard, benefits management will be devolved away from the Programme. The realisation of benefits will continue in the SSO and within each customer organisation for some time after the programme of incorporation of each has finished. There will still however be a requirement to centrally co-ordinate the tracking of benefits for Defra family members to ensure the overall Defra family is on course to deliver the promised level of benefits, and a role must be established to do this.

## 10 IMPLICATIONS ISSUES AND RISKS

The following table identifies the key implications and issues that the Sector Board will need to keep under review or resolve in order to deliver the Defra Shared Services Sector Plan. These will obviously evolve over time and will need to be kept up to date.

	Implication / Issue
<b>Environment Agency</b>	The Environment Agency (EA) has already implemented an Oracle solution and is in the process of structuring its operations in accordance with established shared service principles. It is however, Defra's strategic intent that EA will be incorporated in to the DFSSD, but this is seen as a medium term activity.
<b>Scale / Future</b>	<p>Defra recognises the importance of achieving scale<sup>7</sup> for its shared services operation particularly since the Defra Sector in total is 29,300 FTEs of which EA represents 12,200. However, the Shared Services Programme Board considers that achieving scale should not take precedence over the creation of a leading edge shared service operation. Consequently, the current focus remains that of:</p> <ul style="list-style-type: none"> <li>o creating the Shared Services Operation</li> <li>o bringing NE on as the first major new customer</li> </ul> <p>The initial focus is on the immediate Defra Sector, with a clear intention that the SSO becomes a "seller" of services both to the Defra Sector and to other government departments.</p> <p>Internally within government there has been some emergence of "seller" organisations but this is limited, and Defra is one of the few who already have experience of providing services beyond the core department. Recently there have been expressions of interest from outside the Department which are being actively pursued.</p>
<b>Central Government Customers</b>	<p>Defra recognises that considerable investment in the SSO enabling tools, infrastructure and technology has already been incurred in contrast to many other central government departments. This presents Defra with a unique opportunity to secure an enhanced return on that investment by providing services to other departments, and for other departments to avoid similar levels of investment.</p> <p>At this stage there have been expressions of interest from DfES and DTI, and it is foreseen that, building on the successful deployment of the SSO in late 2006, other expressions of interest will be received.</p> <p>At this stage Defra is currently assessing its ambitions in terms of developing the SSO in terms of the eventual scale of operation that is envisaged. However, providing services to other departments will enable the DFSSD to:</p> <ul style="list-style-type: none"> <li>o achieve the desired scale to underpin future operations</li> </ul>

<sup>7</sup> Scale – Defra has considered scale from two perspectives (i) the overall no's of FTEs supported in the customer organisations (ie 20,000-50,000, inline with the Cabinet Office guidance) (ii) the no of FTEs that will be moved into the SSO (ie personnel who are directly affected/roles that will move) which will determine the size of the SSO.

## Shared Services Organisation Business Blueprint

	Implication / Issue
	<ul style="list-style-type: none"> <li>○ be recognised as a leading provider of shared services within central government</li> </ul>
<b>Legal Form</b>	<p>Defra recognises the importance of establishing the SSO as an independent operation from the core Department. Initially a separate Directorate has been established to ensure that the operation can be ring fenced while the various legal forms of the organisation's status are considered.</p> <p>At this stage, three options<sup>8</sup> are being considered:</p> <ul style="list-style-type: none"> <li>○ Executive Agency / Independent body within the Department</li> <li>○ Joint Venture (JV) with a private sector partner</li> <li>○ Outsource of the services to a private sector partner</li> </ul> <p>In determining which option to go for, a number of issues are being taken in to consideration:</p> <ul style="list-style-type: none"> <li>○ Which option secures the required level of cost / efficiency savings / or accelerates delivery to underpin CSR07.</li> <li>○ Preference by the Department that the initial benefits from the transition to shared services are secured by the Department rather than a private sector partner</li> <li>○ Ability of the Department to fund the Programme over an extended period of time, particularly to bring non Defra Family customers onboard.</li> <li>○ The time and effort required to undertake the necessary public sector procurement process to move to a JV / Outsource model.</li> </ul>

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<sup>8</sup> Defra recognises that the three options need to be considered carefully in the light of the Defra Sector, to ensure that the full implications are fully understood before embarking on a particular track.

# 11 SELLING BEYOND SECTOR BOUNDARIES

In developing the Defra Sector Plan it has been recognised that there are a number of other central government departments who are keen to move to a shared services operating model, but who:

- Do not have sufficient scale on their own
- Would need to make a major financial investment which has not been planned for.
- Would be unlikely to secure the benefits required in the CSR07 timeframe if they undertake their own programme.
- Would like to work with another central government department who already has an established SSO and is of a similar size thus ensuring equal recognition when compared to the parent organisation being supported.

In addition, Defra is keen to contribute to the broader cross government/public sector shared service initiative and promote the wider sharing of back office services. As one of the sectors in the forefront of developing shared services capability, Defra is committed to building a differentiated back office shared service. The intent is to set the shared service within a clear and equitable legal, governance and commercial model, which is flexible and responsive, not only to meet the immediate Defra family requirements, but to meet the needs of other departments or agencies in order to improve their service delivery experience. This will provide broader economies of scale and contribute to a transformation of back office service delivery across government.

## 11.1 Policy

Defra recognises that, to be in the position to sell services beyond the immediate family, it is important to set out a number of key principles to provide a framework for how they will work with potential customers. At this stage, the main considerations include:

- Identifying departments – Defra intends to focus on similar structure departments / family departments, where there are synergies in terms of size / structure (Core, Agencies, NDPB's)<sup>9</sup>
- Services to be provided – At this stage it is envisaged that Defra will be able to provide the full range of corporate services in line with its capabilities. However, it is recognised that this needs to be considered on a case by case basis, and that in the first instance, the focus is likely to be on those services / areas where the maximum financial opportunity is available (ie transactional services which can be supported by the Defra Oracle Business Suite (particularly Finance and HR).
- Timing – Assessing when Defra will be in a position to sell services to other departments, having had sufficient time to create a first class shared service

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<sup>9</sup> Defra recognises that in becoming a “seller”, it is breaking new ground, and that ultimately the Department will need to articulate its vision for shared services as part of the Departments’ overall strategic statements. Defra recognises that it needs to work closely with the Cabinet Office Shared Services Team in the development of the “seller” / “buyer” market place, to ensure that issues are considered in the context of central government departments.

## Shared Services Organisation Business Blueprint

operation<sup>10</sup> which is sufficiently stable to be in a position to take on new customers

- Determining customer take-on schedules – It has already been identified that there are potentially a number of customers (Defra and non Defra) that want to come in to the SSO in the next few years. At this stage, although no firm schedule has been developed, it will need to take account of a range of factors (benefits to DFSSD in terms of meeting scale objectives, business case justification, operational impacts in customer departments, operational impact on the SSO, whether the benefits can be shared between the customers and Defra etc)
- Governance and commercial model – In order to encourage the sharing of services across sector boundaries, Defra recognises that a prerequisite for developing any service capability is an appropriate governance structure, ensuring equitable representation and sharing of views, together with a fair and transparent commercial model that is open, distributes savings fairly and at the same time is within the principles of value for money. This issue is closely related to the Legal Form and Performance/Pricing considerations discussed below.

Further policy principles are being defined and will be included in revisions to this document.

### 11.2 Legal Status

The Department is currently assessing three options in respect of the legal status that might be appropriate for the SSO.

At this stage the options include:

- Trading Fund / Executive Agency
- Joint Venture
- Outsource

The review identified that the options were not seen as being mutually exclusive, but might represent an evolution over time, where ultimately an outsource model may represent the most appropriate form. However, this is still currently under discussion, and no timing has been set in relation to the different forms that the organisation status might take, Defra recognises the importance of creating the SSO as a freestanding entity to ensure that the activities are seen as distinct from the core department, and as a first, and proactive, step has already established the DFSSD. In the event that Defra decides to move down the joint venture / outsource model route, it is foreseen that a public sector procurement exercise will need to be undertaken.

Further work is being undertaken and will be developed in parallel and congruent with the policy guidelines. Defra would welcome discussions with the OGC and the Cabinet Office on potential legal and ownership structures, and recognises the opportunity to develop a model or structure that could have a much broader cross government application. This is within the context of:

- ensuring fair representation of participating entities

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<sup>10</sup> The SSO is scheduled to be operational in late 2006, with the first non Defra customers being considered for onboarding during late 2007.

# Shared Services Organisation Business Blueprint

- retention of benefits within the public sector
- providing value for money and encouraging open procurement,

## 11.3 Barriers

The Department recognises that there are currently a series of issues<sup>11</sup> that may represent barriers both to Defra providing services to customers and also for customers being able to buy services from DFSSD. For the purposes of this document the key barriers have been identified, however, no conclusions have been drawn, since Defra is aware that the Cabinet Office Shared Services Team will be producing guidance on each point.

- VAT – VAT can not be recovered in a number of NDPB's – while this does not impact the majority of the Defra Family it could impact other departments who would like to encourage their NDPB's to utilise the DFSSD.
- OJEU – The OJEU procurement rules will potentially require all contracts to be tendered as open procurements.
- ERP system licences – Defra currently has a limited no of Oracle user licences. By expanding the service to non Defra customers, negotiations will need to be entered into with Oracle to ensure flexibility over the use of the licences for different departments / customers, rather than the current arrangement whereby the licence is restricted to the Defra Family.

## 11.4 Performance / Pricing

For the arrangement between DFSSD and customers to be successful and sustainable, it is important that appropriate commercial arrangements are put in place, and that operational performance is monitored on an on-going basis.

Defra is currently defining its commercial operating model which will include:

- A Service Management Framework, including SLAs / OLA / KPIs etc to provide a basis for monitoring the service offering.
- Charging mechanisms<sup>12</sup> that include appropriate sanctions<sup>13</sup> and rewards associated with performance measured by KPIs and benchmarks. These will be used to drive towards optimising cost structures to promote savings in both the service provider and customer organisation

The pricing and commercial aspects of the services are clearly closely linked to the legal form of DFSSD (and any future legal and commercial structures), and these will be developed in parallel with the policy framework, and the legal, governance and commercial structures. As with the legal form, Defra recognises the opportunity to

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<sup>11</sup> This list of issues is illustrative rather than being exhaustive.

<sup>12</sup> While the setting of the price that the service will be offered at is important, DFSSD regard that this should be considered in relation to the overall customer experience which Defra offers. This may mean that the service is not offered at the lowest cost, since that can lead to situations where there is also a reduction in the service offered.

<sup>13</sup> The issue in relation to charging and sanctions needs to be clarified further since the relationship between DFSSD and the customers is not the same as for a non-governmental service provider where ultimately the SLA/OLA may be drawn upon to support legal recourse.

create a benchmark model in this area and will actively seek cross sector and central government views before finalising any proposals.

### 11.5 Transition Support

A key consideration for any organisation moving to a shared services model is the support that is provided to the retained organisation both during and after transition of the services.

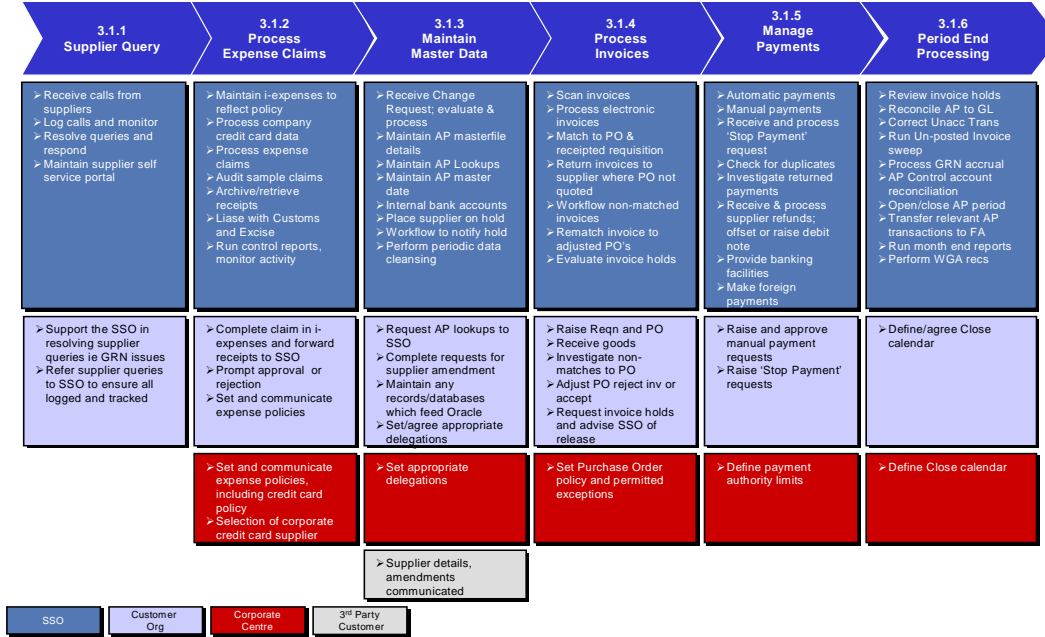
Defra recognises the importance of this support, having previously migrated members of the Defra Family in to the existing Accounting Services Division, and the HR Service Centre. Additionally the Shared Services Programme is currently providing direct support to Natural England the first full customer of the SSO who in addition to moving to the SSO will also be vested as a new agency on 1<sup>st</sup> October 06.

This has provided the SSO with significant experience of providing transitional support to new customers and a recognition that the main area of support and benefit realisation activity is within the customer organisation itself.

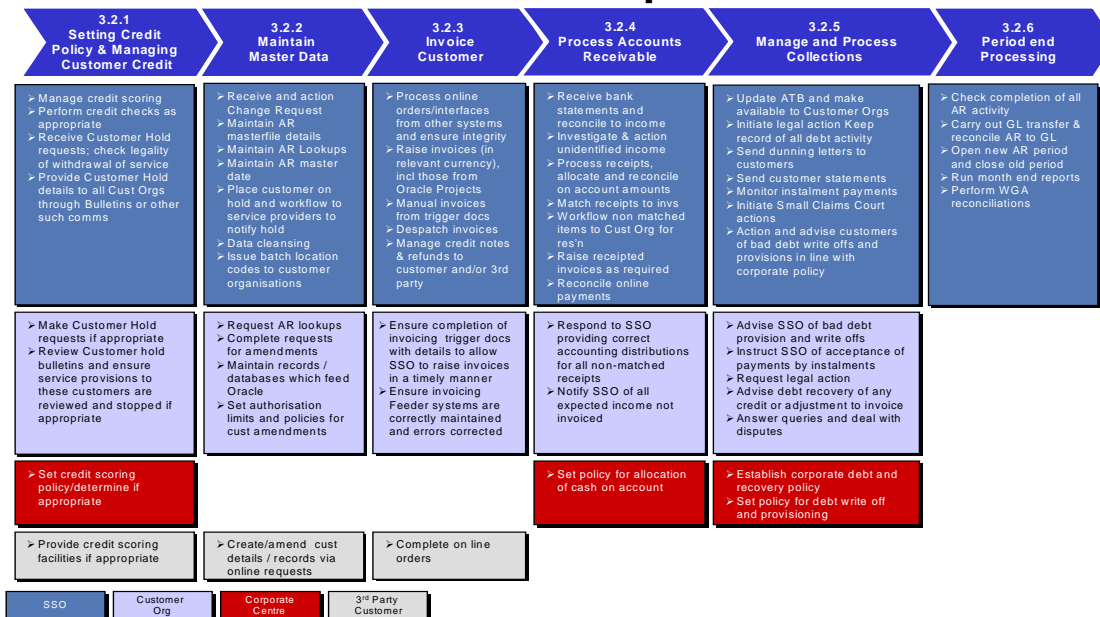
# 12 ANNEXE A – OVERVIEW OF PROCESS SOLUTIONS

The following diagrams summarise the end to end processes and split of activities between the SSO, customers and third parties.

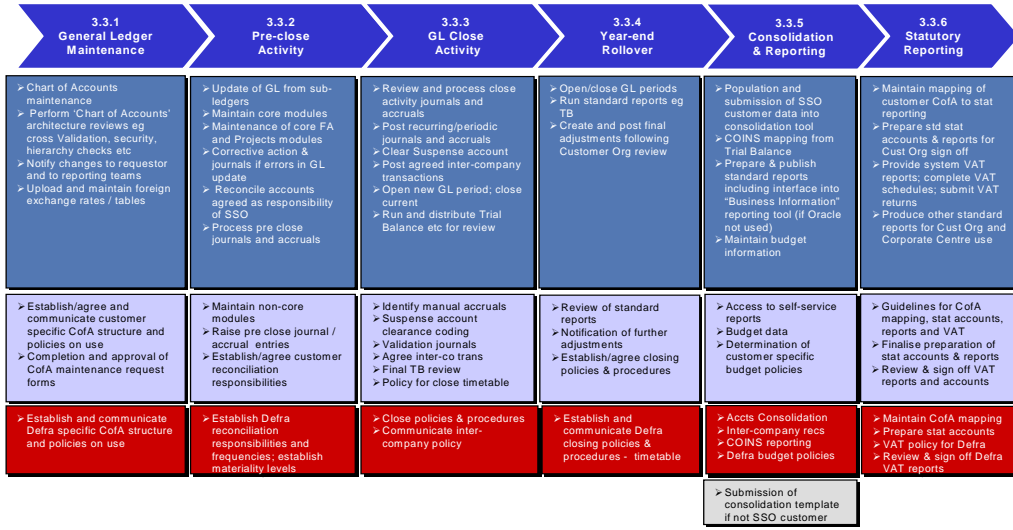
## Future Vision – Accounts Payable Process Responsibilities



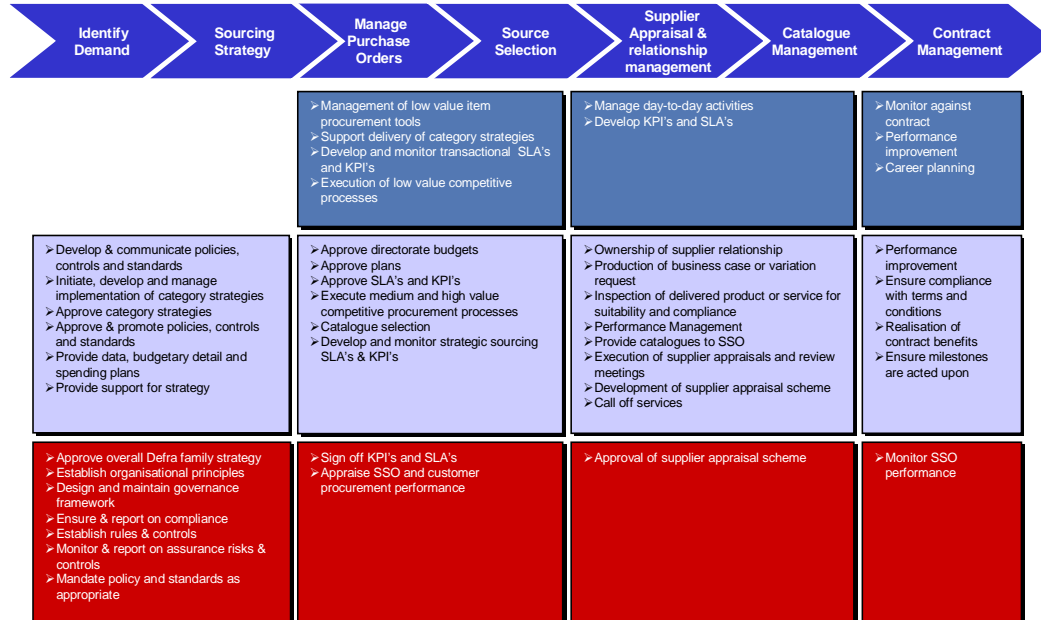
## Future Vision - Accounts Receivable Process responsibilities



## Future Vision Record to Report Process Responsibilities



## Future Vision Procurement Process Responsibilities



## Future Vision HR Process Responsibilities

Recruit & Source Employees	Manage & Develop Employees	Recognise & Reward Employees	Redeploy & Retire Employees	Manage Employee Information
<ul style="list-style-type: none"> <li>➢ Advise on process / methods</li> <li>➢ Perform Job Evaluation - complex</li> <li>➢ Perform trials</li> <li>➢ Place advertisements</li> <li>➢ Undertake suitability assessments</li> <li>➢ Sift &amp; shortlist applicants – service</li> <li>➢ Schedule &amp; invite candidate assessments - non routine</li> <li>➢ Produce contracts</li> <li>➢ Send rejection letters - non routine</li> <li>➢ Complete pre-employment checks</li> <li>➢ Check references</li> <li>➢ Set up records</li> <li>➢ Manage recruitment suppliers</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provide advice on performance standards &amp; issues</li> <li>➢ Perform TNA - service</li> <li>➢ Advise on L&amp;D solutions</li> <li>➢ Manage L&amp;D product development</li> <li>➢ Schedule L&amp;D events</li> <li>➢ Manage supplier framework / training vendor relationships</li> <li>➢ Advise on grievance / disciplinary / equal opp's issues formal complaints</li> <li>➢ Administer appeal hearings</li> <li>➢ Provide absence alerts</li> <li>➢ Advise on absence issues</li> <li>➢ Monitor / report absence trends</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provide guidance on policy</li> <li>➢ Update employee terms &amp; conditions</li> <li>➢ Calculate TARA payments</li> <li>➢ Update Payroll &amp; HR systems</li> <li>➢ Run payroll checks</li> <li>➢ Check &amp; process post - run amendments</li> <li>➢ Manage payroll enquiries</li> <li>➢ Reconcile &amp; post to GL</li> <li>➢ Manage vendor relationships</li> </ul>	<ul style="list-style-type: none"> <li>➢ Administer relocation packages &amp; monitor expenditure</li> <li>➢ Produce redundancy offers &amp; administer package</li> <li>➢ Notify retirements</li> <li>➢ Advise on termination issues</li> <li>➢ Confirm arrangements</li> <li>➢ Update HR &amp; Payroll systems</li> <li>➢ Process final payments &amp; documentation</li> <li>➢ Conduct exit interviews</li> <li>➢ Engage third parties e.g. Employee Assistance, outplacement etc</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provide online tools</li> <li>➢ Support employees without ESS/MSS</li> <li>➢ Receive &amp; log HR / payroll enquiries</li> <li>➢ Prioritise &amp; direct enquiries</li> <li>➢ Action enquiries</li> <li>➢ Update call logging system</li> </ul>
<ul style="list-style-type: none"> <li>➢ Initiate recruitment documentation</li> <li>➢ Perform job evaluation - 1st stage</li> <li>➢ Sift and shortlist applicants - routine</li> <li>➢ Schedule &amp; invite candidate assessment - routine</li> <li>➢ Assess candidates</li> <li>➢ Take hiring decisions &amp; make offers</li> <li>➢ Send rejection letters - routine</li> <li>➢ Provide candidate feedback</li> <li>➢ Induct new employees</li> <li>➢ Manage probation</li> </ul>	<ul style="list-style-type: none"> <li>➢ Set employee performance objectives</li> <li>➢ Undertake &amp; record performance reviews</li> <li>➢ Identify &amp; plan L&amp;D needs</li> <li>➢ Enrol, attend &amp; evaluate L&amp;D events</li> <li>➢ Identify, investigate and manage grievance / disciplinary actions</li> <li>➢ Investigate / resolve formal complaints</li> <li>➢ Record &amp; verify absence</li> <li>➢ Identify &amp; manage attendance issues</li> </ul>	<ul style="list-style-type: none"> <li>➢ Set performance / eligibility criteria</li> <li>➢ Nominate / approve recognition awards / performance bonuses</li> <li>➢ Identify acting up arrangements</li> <li>➢ Process amendments to pay details</li> <li>➢ Fund payroll</li> </ul>	<ul style="list-style-type: none"> <li>➢ Match resources to locations &amp; approve relocations</li> <li>➢ Take termination decisions</li> <li>➢ Support "Death in Service" circumstances</li> <li>➢ Process leaver details</li> <li>➢ Complete leaver processes</li> <li>➢ Complete exit questionnaire</li> <li>➢ Secure return of property</li> </ul>	<ul style="list-style-type: none"> <li>➢ Change personal details – ESS</li> <li>➢ Change &amp; approve workplace details - ESS/MSS</li> <li>➢ Access information via HR Portal</li> <li>➢ Run desk top reports</li> <li>➢ Resolve queries via SSO</li> </ul>
<ul style="list-style-type: none"> <li>➢ Formulate HR strategy, plans &amp; salary policy</li> <li>➢ Approve SCS vacancies</li> </ul>	<ul style="list-style-type: none"> <li>➢ Design performance appraisal policies</li> <li>➢ Design competency framework</li> <li>➢ Formulate conduct policies &amp; update to ensure statutory compliance</li> </ul>	<ul style="list-style-type: none"> <li>➢ Develop / maintain benefits &amp; reward framework</li> </ul>	<ul style="list-style-type: none"> <li>➢ Develop redeployment / separation policies</li> <li>➢ Approve redundancy proposals</li> </ul>	
<ul style="list-style-type: none"> <li>➢ Place advertisements</li> <li>➢ Supply candidates</li> </ul>	<ul style="list-style-type: none"> <li>➢ Design &amp; deliver L&amp;D products</li> <li>➢ Provide medical assessment &amp; opinion</li> </ul>	<ul style="list-style-type: none"> <li>➢ Input statutory changes</li> <li>➢ Run payroll</li> <li>➢ Produce payslips</li> <li>➢ Provide payroll files</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provide Relocation services</li> <li>➢ Administer Pensions</li> <li>➢ Provide Employee Assistance services</li> <li>➢ Provide Outplacement services</li> </ul>	

SSO

Customer Org

Corporate Centre

3<sup>rd</sup> Party Customer

## Future Vision Estates Process Responsibilities

2.2 Define RE Strategy	2.3 Define RE Policies	2.4 Planning & Budgeting	2.5 Sourcing Strategy & Supplier Relations	2.6 Manage Demand, Call off services	2.7 Receive Services, Manage Supply	2.8 Manage Performance
<ul style="list-style-type: none"> <li>➢ Develop estates strategy</li> <li>➢ Communicate strategy</li> </ul>	<ul style="list-style-type: none"> <li>➢ Develop policies, controls and standards</li> <li>➢ Communicate policies, procedures and controls</li> </ul>	<ul style="list-style-type: none"> <li>➢ Develop annual budgets and plans</li> <li>➢ Develop designs</li> <li>➢ Coordinate with SSO functions</li> </ul>	<ul style="list-style-type: none"> <li>➢ Procure suppliers</li> <li>➢ Develop contracts</li> <li>➢ Develop SLA/KPI</li> <li>➢ Coordinate with SSO functions</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provide support for preparation of variation request</li> <li>➢ Call off estates services</li> </ul>	<ul style="list-style-type: none"> <li>➢ Manage day-to-day estates activities</li> <li>➢ Manage 3<sup>rd</sup> party suppliers</li> <li>➢ Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>➢ Monitor supplier KPI's</li> <li>➢ Monitor SSO KPI's</li> <li>➢ Performance improvement</li> <li>➢ Career planning</li> </ul>
<ul style="list-style-type: none"> <li>➢ Approve strategy where applicable to directorate</li> <li>➢ Promote strategy to end-users</li> </ul>	<ul style="list-style-type: none"> <li>➢ Approve policies, controls and standards</li> <li>➢ Promote policies, procedures and controls</li> </ul>	<ul style="list-style-type: none"> <li>➢ Approve directorate budgets</li> <li>➢ Approve plans</li> </ul>	<ul style="list-style-type: none"> <li>➢ Approve SLA's and KPI's</li> </ul>	<ul style="list-style-type: none"> <li>➢ End-user demand mgmt</li> <li>➢ Prepare variation request</li> <li>➢ Inspection of complete service or product for compliance</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provide timely feedback on SSO performance</li> <li>➢ Review specific issues with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>➢ Feedback on performance of supplier, SSO</li> <li>➢ Agree MI needs</li> </ul>
<ul style="list-style-type: none"> <li>➢ Approve overall strategy</li> <li>➢ Establish organisational principles</li> </ul>	<ul style="list-style-type: none"> <li>➢ Mandate policy and standards as appropriate</li> <li>➢ Governance and compliance process</li> </ul>	<ul style="list-style-type: none"> <li>➢ Approve overall plans and budgets</li> </ul>				<ul style="list-style-type: none"> <li>➢ Monitor SSO performance</li> </ul>
<ul style="list-style-type: none"> <li>➢ Provision of data on current market trends</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provision of data on current market trends</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provision of design services</li> <li>➢ Provision of cost information</li> </ul>	<ul style="list-style-type: none"> <li>➢ Participation in tender process and contract negotiations</li> </ul>	<ul style="list-style-type: none"> <li>➢ Support to SSO on variation requests</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provision of goods and services as per contract</li> </ul>	<ul style="list-style-type: none"> <li>➢ Provision of MI as per contract</li> </ul>

SSO

Customer Org

Corporate Centre

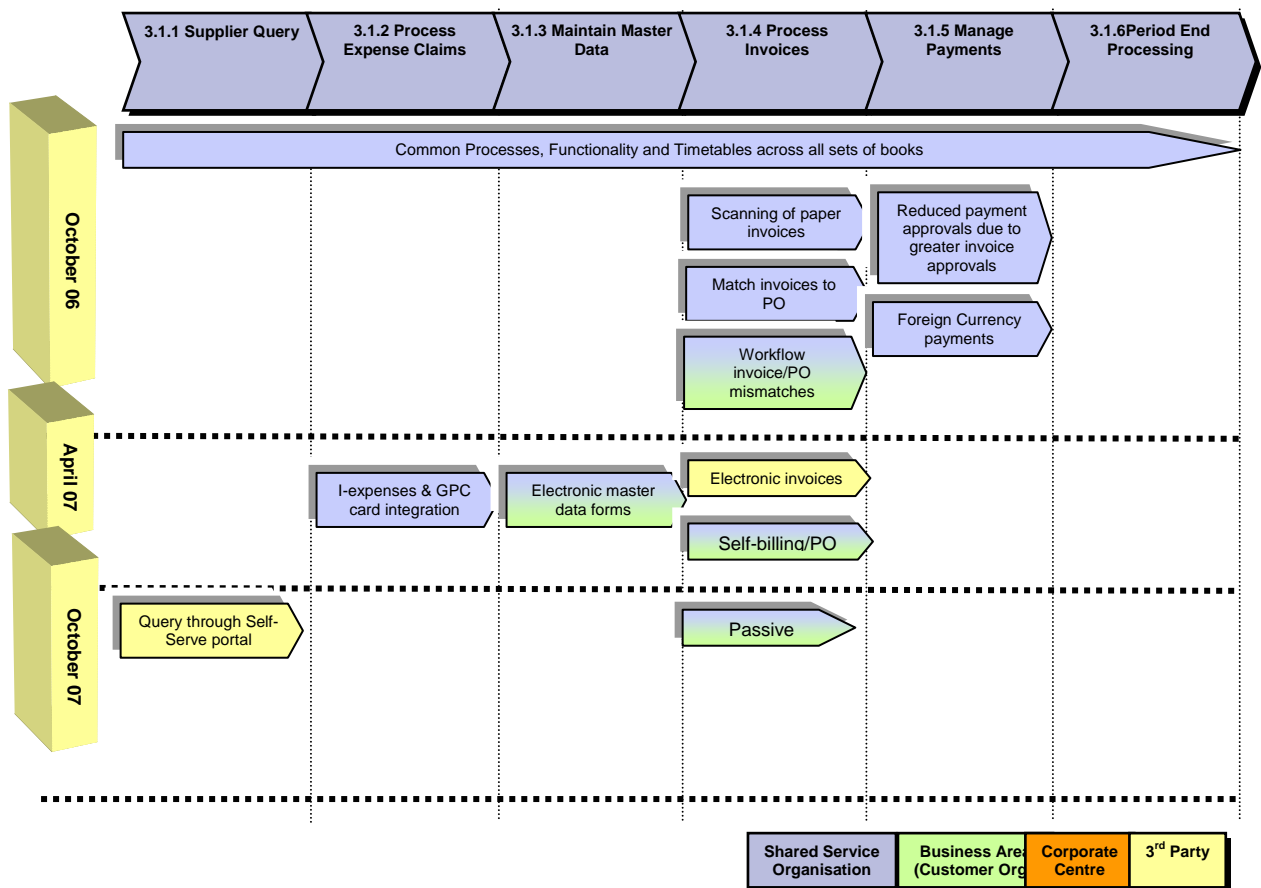
3<sup>rd</sup> Party Customer

# 13 ANNEXE B – PROCESS SOLUTION IMPROVEMENTS

The following diagrams summarise the planned continuous improvement of solutions by process area.

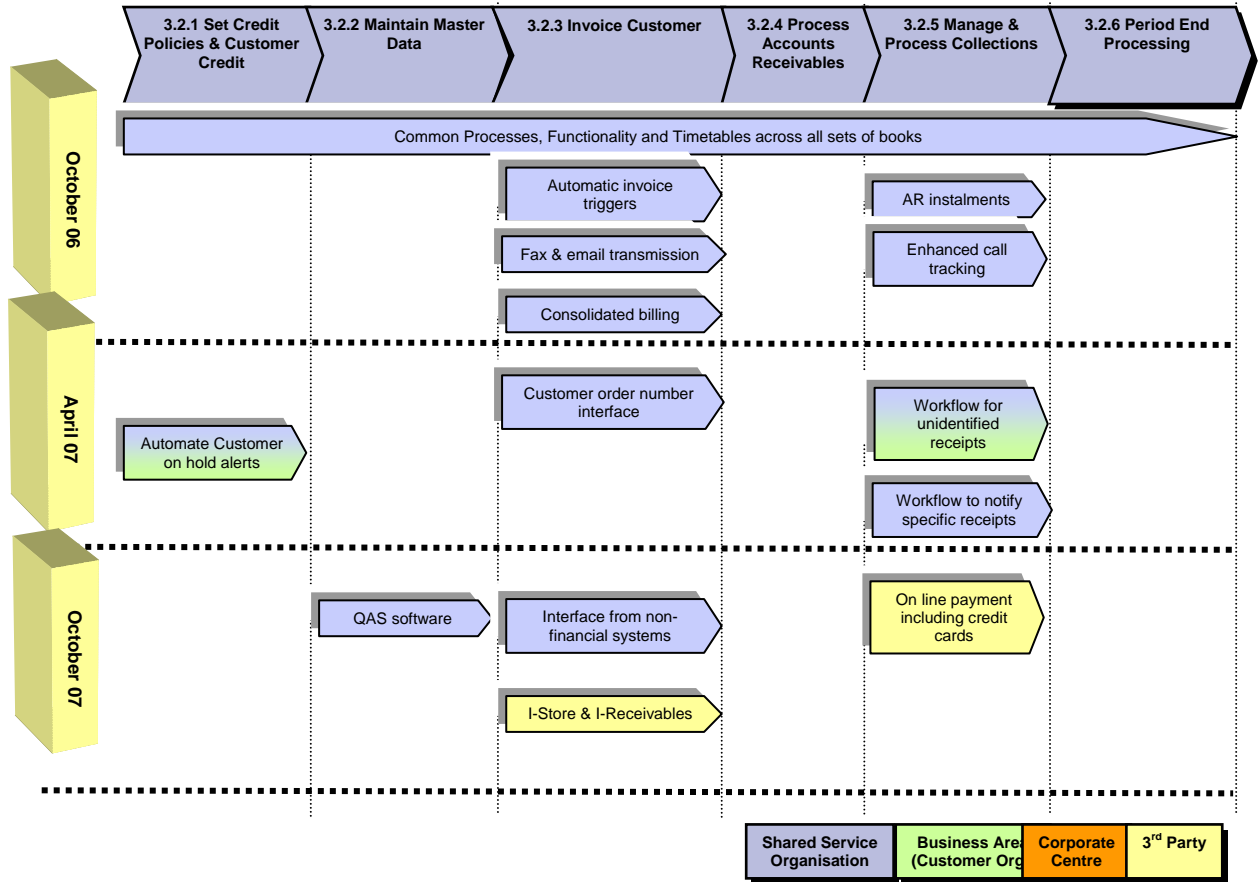
## Future Vision

### Accounts Payable Process solutions

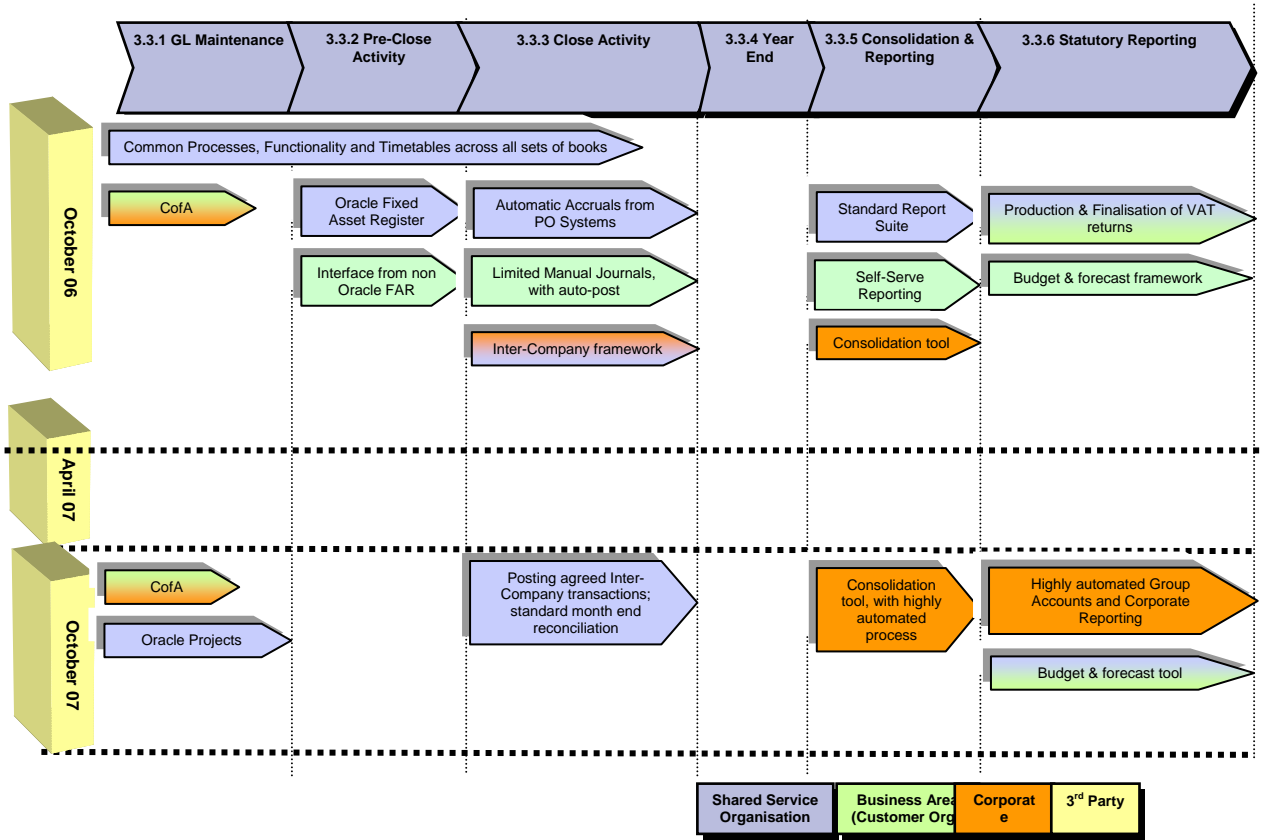


Future Vision

Accounts Receivable Process solutions

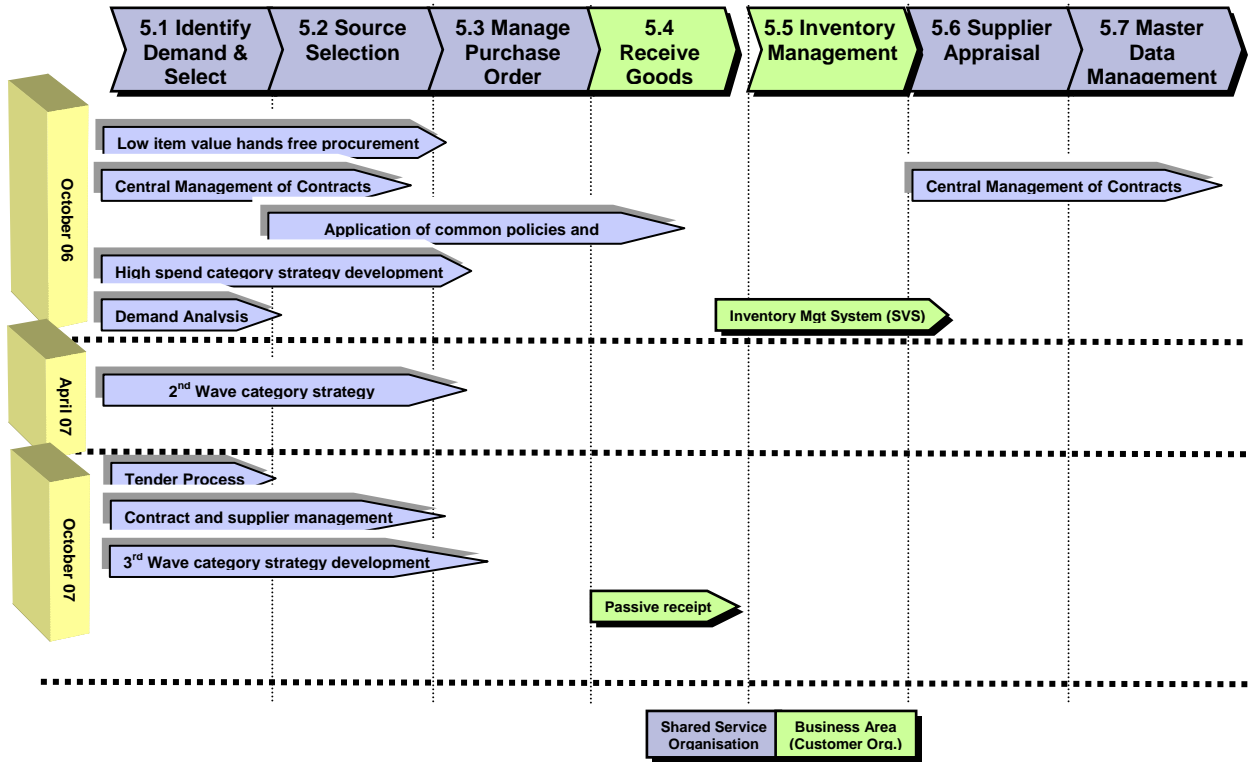


**Future Vision**  
*R2R Process solutions*



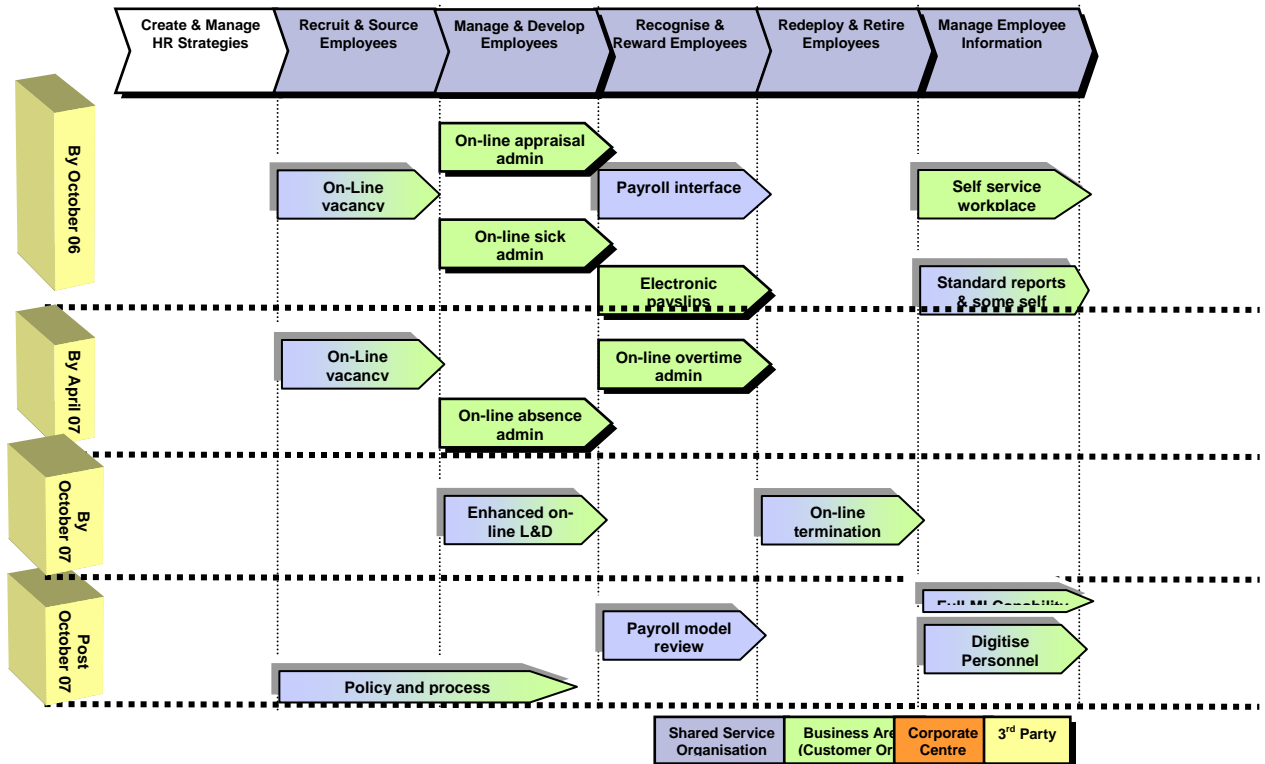
Future Vision

Procurement Process responsibilities



Future Vision

HR Process: solutions



## Future Vision Estates Process Solutions

