

FCE CORPORATE SERVICES PROJECT UPDATE**Purpose**

- 1) The purpose of this paper is to provide the Board with an update on the progress of the FCE Corporate Services project.

Recommendations

- 2) It is recommended that the Board:
 - note the detail of the updates and progress to date and support the direction of travel; and,
 - raise any risks, concerns or opportunities.

Background/Introduction

- 3) The remit of the FCE Corporate Services Project is to establish new corporate services in FC England.
- 4) Its scope combines both those functions residing within the England National Office (Finance, HR, Communications and Executive Office) and the Shared Services delivered from Silvan House, Edinburgh, including HR and related services, Finance and related services, Information Services and Internal Audit.
- 5) Initially, the Shared Services work stream within the Woodland Policy Enabling Programme (WPEP) covered the future requirements for England and impacts upon existing Shared Service arrangements.
- 6) As requirements within England and more broadly across the FC have become clearer, and decisions made around the direction of travel, this workstream has evolved into the FCE Corporate Services project.

Key Decisions Made.

- 7) FCE's approach to establishing future Corporate Services has been to consider future requirements through the development of Target Operating Models (TOMs) and business cases identifying options and making future recommendations. This has considered both FE and FS as separate entities.
- 8) The initial tranche of this process came to a conclusion in May 2015 when the main strategic outline business cases (SOBC) were provided to the EEB covering:
 - Finance and Procurement;
 - Human Resources, including Equality and Diversity;
 - Communications;
 - Internal Audit; and,

- Health and Safety (including Technical Training)
- 9) At the summary level, a broad set of options covered:
- a) Do Nothing (retain existing shared services as-is).
 - b) Do Minimum (retain existing systems and minimal people change).
 - c) In-house service with updated systems.
 - d) Next Generation Shared Services (Defra and SSCL).

Decisions were made to adopt the high level recommendations setting out the following direction of travel:

- HR, Finance and Accounting and Procurement:
 - i) For FE, small in-house team and an ERP (Enterprise Resource Planning system) similar to that implemented recently in Cefas and NRW;
 - ii) For FS, small corporate services function and Defra SSCL; and,
 - iii) HR Services to be brought into FCE by 1/4/16.
 - Internal Audit aligning to GIAA developments but deferred for this year.
 - Health, Safety and Technical Training – further development of target models.
 - Communications. Integrated with Marketing in FE, and aligned to emerging Defra government plans.
 - Establish overarching programme team and co-ordinated approach.
- 10) The decisions made at SOBC level are all subject to further work as we build a more detailed picture of sourcing arrangements and future costs.
- 11) Aligned to this, new operating models for Bristol National Office functions were agreed to be reconfigured and re-aligned to each part of the organisation with the majority of the teams moving into FE and providing services back to FS for as long as is required. The residual elements of the National Office will form a Change Leadership Team (CLT) supporting the successful delivery of structural change.
- 12) Decisions made at the EEB were fed into the overarching Central Services managed Business Strategy Group (BSG) which initiated the necessary consultation processes within FC Central Services.
- 13) The overarching decision to move away from the existing shared services arrangements was agreed by FC Executive Board and by England, Scotland and FR alongside the staff side and ratified in early August.
- 14) In parallel and aligned to this, work has been in flow in consulting with teams regarding the establishment of new arrangements for the FCE National Office in Bristol.

- 15) FCE is therefore fully committed to, and working through the early stages of, its implementation which will be a significant priority over the coming 18 months.

Summary of Current Activity

Programme Level

- 16) The FCE Corporate Services Project has been established within the existing WPEP Programme Office. Progress is underway to increase the WPEP Programme Office team capacity in particular to support the project management requirements of the project, including:
- a new Programme Office Manager (PB4) post is to be trawled imminently;
 - proposed recruitment of the gapped PB6b administrative support role;
 - the replacement of the exiting WPEP Delivery Manager (PB2).
- 17) Draft plans for the programme have been developed. **Annex A** provides an overview of the overall timelines, and **Annex B** provides a more detailed summary of the stages required in engaging with the BSG. The plans reflect the stretch target of 1st April 2017 as our aim for FCE to be self-sufficient.
- 18) The programme team has made initial contacts with the market regarding future ERP sourcing and further discovery meetings will be arranged during November and December. Initial meetings have been held with Defra and SSCL as their services evolve, including a key meeting with the Defra Director of Corporate Services on October 12th that will provide the impetus for further more detailed engagement by the WPEP Programme Director with the Defra consolidated corporate services team.
- 19) Accommodation requirements within Bristol are being assessed and new plans developed.

Human Resources and related services

- 20) Implementation of HR Services has been a key focus. A detailed plan has been completed covering the recruitment of 4 new people into the FCE HR team with HR Services operational by 1st April 2016.
- 21) The new FE Head HR (PB1) post is currently being recruited and will provide the impetus for the HR team to move into FE by 1st April 2016.
- 22) A business case covering Equality and Diversity is currently moving through BSG during October and November.
- 23) Some initial discovery around future systems has been undertaken.

Finance and Procurement

- 24) The FCE Procurement team has already moved into FE, and the Procurement business case has been completed and is moving through BSG during October and November.
- 25) Plans are in hand for the Finance team to move across to FE no later than 1st April 2016.

Communications

- 26) The consultation regarding FE Marketing and Communications arrangements was completed in October and next stages will be progressed in November.
- 27) We await further detail regarding future Defra / cross-government Comms restructuring and any subsequent consultation.

Health, Safety and Technical Training

- 28) Resource has been assigned within FE to develop the models provided at Strategic Outline level. Consideration is currently being given to the establishment of an integrated Operational Development team that will cover Safety, Health and Environment aspects along with technical Training and Operational Guidance. The outline timescales are provided at Annex A.

Internal Audit

- 29) The EEB in May 2015 agreed to defer decisions around Internal Audit due to the emergence of the Government Internal Audit Agency. It is currently planned to reconsider this in April 2016.

Information Services

- 30) FCE has engaged a consultancy (Actica) to support its development of strategic options in respect to IS services. Progress to date has covered:
 - interviews with FC teams including FS, FE and the IS Shared Service team;
 - requirements and opportunities analysis following interviews;
 - gathering of and documenting the existing FCE IS landscape;
 - consideration of future options, including market engagement, benchmarking and initial engagement with Unity (the project determining future Defra IS services) and meeting with NRW regarding their IS and corporate services.
- 31) A checkpoint meeting is planned with Actica on 21st October to discuss progress, and with a view to the SOBC coming forward in November to EEB.

- 32) In addition, FE has appointed its new Head of IS (PB2), and will start to develop its strategy and future arrangements over the coming months alongside this consultancy work.

General Points

- 33) FCE continues to engage closely with Central Services and primarily through the BSG which is the conduit for all change relating to Central shared services.
- 34) Following the agreement that those Corporate Forestry Support (CFS) functions not moving across to FR+ would be devolved, there is also a significant and related strand of work currently being managed within the FS area to consider future models. These changes will adopt the same process as other shared services and require business case development then BSG engagement. These services have been included at summary level within the plans, and it is noted that a further paper is being prepared for EEB covering this area.

Next Steps

- 35) It is planned that focus will be on the following key areas during November and December to position ourselves to commence sourcing and procurement during the last quarter of this financial year:
- resource the Programme Office and project roles;
 - embed the Corporate Services Project into WPEP;
 - complete IS SOBC and initiate further discovery;
 - develop High Level Requirements for FS and FE regarding HR and Finance, including ERP / SSCL engagement;
 - increasing engagement with Defra Consolidated Corporate Services;
 - on-going engagement via BSG; and,
 - finalise National Office moves.

Resource Implications

- 36) Progress around resourcing for the Programme Team has been described above. In initially presenting the SOBC's, an accompanying transition plan set out the high level requirements for resources to support the programme.
- 37) The Programme Team recognises the need for affordability and to be prudent in applying these resources in a timely way. As such it will seek to be as creative as possible in utilising existing skills and resources and balancing those alongside the external expertise that might be available either from the Defra / SSCL team or future commercial ERP providers.

- 38) The establishment of a suitable strengthened Programme Team within the evolving FCE Change Leadership Team will provide the foundations. It is recognised that additional project management and subject matter expertise will be required as we move further into the implementation stage.
- 39) The Programme team will work with FE and FS to determine the optimum models and it is noted that FS has submitted a paper covering elements of this in respect to their future TOMs.

Corporate Plan

- 40) The Corporate Services Project is an important strategic project for FCE seeking to underpin the future operations of both Forest Enterprise and Forest Services in the future and their abilities to deliver to the corporate plan. The project was commissioned through the WPEP programme which seeks to implement the government's forestry policy, and also in response to the overarching direction around devolution.

Risk Assessment

- 41) This project is covered under the WPEP governance. Risks identified through this project are reflected in the overall WPEP risks register:
 - a) New Risks: No new risks identified.
 - b) Existing Risks: The relevant risks within the WPEP Risk Register are:
 - WPEP-02 – Devolved Bodies. Ensuring we consider sensitivities and requirements of devolved bodies. BSG is a key mitigating factor in this area.
 - WPEP-03 – Governance and Business Continuity. In this respect, relating to the risk around shared services business continuity due to the proposed change.

Equality Impact Assessment

- 42) Equality Impact Assessment is being carried out as an integral part of each proposed change.

Communications

- 43) Communications is managed through existing channels including the WPEP Updates. Formal communication through consultation is integral to each element of change.

Conclusions

- 44) Following the key decisions at the EEB in May, a significant amount of work has gone on in seeking appropriate buy-in and support alongside other parts of the FC. Importantly, time has been taken to ensure that consultation has been undertaken with people across the organisation in all of the main impacted areas.
- 45) As a result, we now have a clear mandate to move forward, have a number of the key foundations in place and, working with the BSG, have a set of clear processes to ensure that change continues to be managed in a co-ordinated way across the FC.
- 46) It is recognised that as we commence more detailed analysis of selected options, the environment within which we work will continue to change we will need to be agile and be prepared to be flexible. Our approach to look at services both from a commercial and government sources will support that need for flexibility. In line with this discussions have been initiated at a senior level with Defra's consolidated corporate services programme.
- 47) The Board are therefore asked to note the progress made and the update provided and give its support for the direction of travel as set out here and in the supporting plans.

Andy Goodsir
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19th October 2015

ANNEXs

ANNEX A – FCE Transition Overview

ANNEX B – FCE Overall Timeline for Shared Services