Progress, Change and Opportunities

Business Plan 2015/16

UKSBS

Shared **Business Services**

Contents

1   Introduction

In this Business Plan for 2015/16 we are very conscious of the huge challenges UK SBS has faced across 2014/15, and the uncertainties which still lie ahead. The Plan covers one financial year whilst BIS and our other owners determine the Company's medium term future.

Whilst 2014/15 was a challenging year for the Company, in response there was great achievement, and the credit for that is owed very substantially to our people. They have both managed and borne the brunt of heavy in-year financial reductions resulting in an in-year reduction to our headcount of 26% (with 5% due to the cessation of transition activity). Those remaining have taken up the strain between them whilst seeing valued colleagues depart. At the same time they have tackled some major internal issues, including driving efficiency within our processes, improving HR service delivery and identifying and starting to resolve some significant underlying problems in procurement.

This Business Plan for 2015/16 is a testament to their commitment, a commitment which is still being tested by the uncertainty about the Company's place within BIS' future shared services operating model. The sooner the Company knows what its future holds; the sooner UK SBS employees can focus more single-mindedly on serving their customers and further improving delivery. We are working closely with BIS colleagues in this regard.

As we look towards 2015/16, key questions we need to consider are:

- What is the Purpose of the Company?

- What has it accomplished to date?

- What are customers' future needs likely to be?

- What is the shape of the business for 2015/16?

- What are our proposed top three priorities for 2015/16?

- What are the key themes for each main line of business?

Purpose: UK SBS is an instrument for integrating and improving business services for our customers and owners. We operate under a public sector mutual model which is unusual in government – at its best this can combine the benefits of a customer-supplier relationship with public values and public service. We are a flexible shared business services vehicle for BIS, its partner organisations and others; we can drive change within back and middle office activity on their behalf allowing them to focus on their own core policy and delivery obligations.

Accomplishments: The Company has accomplished a great deal since it took over services for the RC and the Oracle 12.0.6 platform in 2010, and since its ownership and governance was re-constructed in 2011/12. It has not been plain sailing, either for UK SBS or for customers, and there have been a number of setbacks. But overall, in financial terms:

- The transfer of BIS and other phase one partner organisations has resulted in a 22% reduction in service charges in the three year period 2011/12 to 2014/15 representing a cumulative saving of £6.4M in charges for that period. The total investment to achieve this was £13.9m (£3.3m above the original business case and largely due to agreed changes in assumptions and approach) meaning that the net cost is currently £7.5m with payback on the investment due now in 2019 (extended from 2014).

- As a result of the wider allocation of overheads, annual charges to the Research Councils have reduced by £9.8m (27%) in the three year period 2011/12 to 2014/15. However reduced user numbers and limited ability to drive economies of scale across two platforms have meant that this has not uniformly resulted in a reduction in unit cost.

- The PAM programme, which transferred to UK SBS in 2013/14, has delivered £103m of savings to BIS over a four year period through estate and lease rationalisation.

- Procurement delivered around £215m of cumulative benefits (cashable and non-cashable) to BIS and the RCs in the six years of operation to 2013/14 with further benefits (cashable and non-cashable) of £39m to be verified on the £660m spend under management in 2014/15.

Customers' future needs: We recognise that our owners and customers face a further tough period of expenditure restraint and reductions. We can see a number of possibilities already on the basis of the Dalton Phillips/Dodds work, and of themes which have begun to emerge in BIS' thinking. They include major possibilities in the property field; digital opportunities generally; further development in procurement and transactional service options.

We expect to continue to focus on our existing owners and customers, with the likely addition of the British Business Bank as a new owner. While we will continue to explore options with other departments this will be guided by our existing owners and the BIS Shared Services 2020 review. It is also likely that there will some departures from service, mainly because of business re-structure on the part of some of our customers.

Business shape for 2015/16: The shape of UK SBS as a business in 2015/16 will be similar to that of 2014/15, but significantly smaller in terms of turnover and staffing as the full year effect of the 2014/15 budget reductions work through and we prepare for expected reductions ahead. Turnover will be £35.5m (£49.8m in 2014/15) with 616 FTE staff at the start of the year (833 at the start of 2014/15) expected to reduce by a further 27 on transfer of the Peer Review process back to the Research Councils on or soon after 1 April. We will continue to deliver all existing services in various combinations for BIS, the Research Councils, and other BIS partner organisations.

Our governance arrangements will be impacted by a new European legal framework. Subject to our owners' agreement, we will minimise change consistent with the new requirements until the end of financial year 2015/16, after which BIS' medium term intentions for the Company will be given effect.

We recognise that, as a response to the challenging environment and potential change arising from the review of the BIS Shared Services 2020 strategy, it is likely that we will need to make some fundamental changes to the way in which we organise, structure and govern ourselves in the future. Within the year we will be engaging with our owners and undertaking the work necessary to review options and design for the future delivery model. However, in the meantime we will make the necessary incremental in-year changes to deliver improvements within our current model.

On that basis our organisational objectives and plan will be delivered through planned activity, for each of our six service lines and supported by cross-service initiatives. The six service lines' objectives for 2015/16 are set out within the main body of the plan and summarised below:

Procurement

- Continued focus on our improvement plan
- Delivery of effective services and results through standardised processes and MI
- Improved confidence through understanding and alignment with customer needs

Property Asset Management

- Improved service delivery to existing customers and improvement planning with TFM partners
- Improved MI capability, which will enable cost effective solutions for our customers
- Lead the BIS Estates Transformation Programme to drive savings for the next SR

ICT

- Continued improvement to the resilience and reliability of our key systems and infrastructure
- Delivering a more flexible and cost effective service for customers
- To become an experienced supplier of Service Integration and Management services

HR & Payroll Service Delivery

- Stabilisation, improved sustainability and CI of the Oracle-based services
- Ensure the Recruitment and Training services are fit for purpose for current and future clients
- New business models for Recruitment and Training Services are agreed and implemented

Finance Service Delivery

- Deliver continued efficiencies through increased use of technology
- Map and review the full Procure-to-Pay cycle in conjunction with Procurement
- Review, data cleanse and undertake a CI review of financial management processes and recording of assets

Grants

- Stabilisation of the revised service post peer review transfer
- Enhanced engagement with Je-S users
- Enhanced profile across government matched by strong reputation

While the service lines focus on improvements to service delivery, greater effectiveness and efficiency across the service lines will be driven through supporting and enabling activity. The key enabling activities are:

- Improving customer insight and customer relationship management
- Building capability and capacity for 15/16 and beyond
- Improving confidence and resilience in the way we deliver
- Underpinning and enabling technology
- Corporate Governance

UK SBS will ensure that all activity and resources are aligned and allocated with the delivery of the objectives set out within this Plan.

UK SBS top three priorities: The year ahead contains uncertainties, change and challenge for UK SBS. We accept that as an intrinsic part of the kind of business we operate and for the kind of owners and customers we are proud to have. We are obviously keen to have a clearer view of the Company's role and future, but it is not our style to mark time while that is determined. Rather our top three priorities for 2015/16 are:

1. To continue to improve core services and reduce cost across all our lines of business

2. To help our owners and customers put practical shape around their medium term business services needs – including the outcomes of the BIS Shared Services 2020 review – and to work out how best to respond to those needs

3. To develop and respond to new opportunities through our existing services where these are consistent with our immediate and core responsibilities.

We commend this draft Business Plan for 2015/16 to our owners and customers.

Dr Clive Grace OBE
Chair, UK SBS

Ed Lester
Interim CEO, UK SBS

2   UK SBS Business Plan 2015/16

2.1 Purpose of the Plan

The purpose of this Business Plan is to:

- Present the business and financial plans for the period April 2015 to March 2016 at strategic level to the shareholders for approval and to wider stakeholders for information.
- Set out clear direction, high level business objectives and targets for the Company, enabling successful delivery which can be monitored and measured over the agreed timeline.
- Set out the key steps required to design and implement the changes required to ensure the development of a long-term sustainable business model for delivery of business services in April 2016 and beyond.
- Provide assurance that resources are aligned to the objectives within the Plan.
- Identify areas of risk to the delivery of the Plan.

The document draws on research and analysis undertaken within the business, and is supported by more detailed plans within individual areas.

2.2 Context and Underpinning Assumptions

The principal risks and uncertainty facing the Company are driven by the environment in which it operates. The requirement to align closely with government policy and respond to the continued pressure on administrative budgets within the public sector is not new to us. The need to work with clients and stakeholders to deliver complex and challenging change programmes is not new either. The way in which our clients and shareholders respond to their own pressures will have a knock-on impact on us in the form of opportunity or challenge. At this time the Company is facing additional uncertainty as its main shareholder, the Department for Business Innovation and Skills (BIS) reviews its shared service strategy for the period 2016/17 onwards and the role of the Company in that context. We are, of course, remaining close to this work.

UK SBS recognises that our owners will need to consider carefully all options for the future delivery of shared services to ensure that these align with wider government policy and deliver the best value for money for the taxpayer; UK SBS believes that we will continue to have a fundamental part to play, but that we cannot expect that our role or the shape of the Company will remain unchanged. Whatever the outcome, there will be a need for UK SBS to drive and maintain stable service delivery ahead of and through any change.

On that basis, and in agreement with owners, UK SBS is this year creating a single year business plan rather than its usual rolling five year strategic plan. However this single year plan still sits well within the overall context of the 2014-2019 strategic plan published last year. It is also important to note that, while there may be uncertainty with respect to the longer term, there are some absolute certainties for the short term; there are services to deliver and improvements to be made. This is what we will focus on.

In the 2014/19 strategic plan we highlighted the intention to transfer a number of Finance, HR and Payroll services to Shared Services Connected Limited (SSCL) as part of the wider government Next Generation Shared Service strategy, with an original target start date of April 2015 or soon after. Within the last year it became clear that a number of the assumptions underpinning the planned transfer had changed and that there was a need to work with SSCL to vary in some way the terms of the arrangement in a way that ensured that it continued to be in the interest of all parties.

The situation was complex and, despite significant effort by all parties, we reached early 2015 with the detail and plan for transfer yet to be agreed. On that basis UK SBS, with support from our owners, decided that the best option was to terminate the contract. This was not a decision taken lightly nor does it signal a "no change" situation; options for the future delivery of services that were in scope for transfer to SSCL will be considered as a priority within the context of the BIS Shared Services 2020 review. It is essential that a way forward for services currently delivered from our Oracle 12.0.6 platform is determined soon as there are significant implications for the on-going support of this platform. UK SBS will now optimise the opportunity of short term stability for the people delivering transactional finance, HR and pay-roll services to build on the improvements delivered within 2014/15 and work with clients to improve end to end process efficiency.

Alongside a core focus on service delivery we will, this year, need to ensure that we remain agile and responsive to the changes we might expect in 2016/17 and beyond.

Underpinning this plan are a number of key assumptions including that:

- BIS will have settled its Shared Services 2020 review by end September 2015.

- The option developed by UK SBS to support delivery of shared business services will be adopted within the BIS Shared Services 2020 review, or that, the activity undertaken by UK SBS this year to prepare for that model is consistent with the requirement of other decisions taken by BIS.

- An early decision will be made regarding the ongoing support for or upgrade to the 12.0.6 platform and funding will be available to enable this.

- Funding for other essential (e.g. upgrade to Je-S) and spend-to-save (e.g. PAM MI) investment will be made available despite the removal of the BIS programme funding.

- A new working arrangement can be developed with Crown Commercial Service such that UK SBS will retain pan government responsibility for research procurement frameworks.

- There are no Machinery of Government (MoG) changes implemented by the incoming government that have a fundamental impact on the ownership, customer base or activity of UK SBS in 2015/16.

- UK SBS is able to drive further efficiency without detriment to service delivery and meet its 2015/16 budget challenges, and more significantly is able to design and with owner approval implement changes to its operating model that provide for long term financial viability.

- UK SBS is able to retain key skills and clients despite the current uncertainty and challenges.

2.3 The Nature and Purpose of UK SBS

Our purpose remains clear; *we exist to provide efficient, effective and economic business services within the public sector.* Through this, we enable our customers to focus more on their core activities by providing quality shared business services and thereby the freedom to innovate and transform their own organisations. Our overall objective is to optimise our impact as a valued partner to UK public service.

UK SBS operates as a public sector mutual and is wholly owned by the public sector. The current ownership proportion is Government Departments 51% and Non-Government Departments 49%. The model has been developed on the basis of dilution to these shareholdings as and when new customers are brought into the services of the Company.

We operate on a not for profit basis, charging our clients the full cost-to-serve and where appropriate and agreed the cost of necessary investment. All clients participate in the Company's client governance arrangements, and if they are themselves separate legal entities, they also, where appropriate share in the ownership and direction of the Company.

This gives effect to the Teckal (or Regulation 12) opportunities within the European procurement regime for public bodies, which is at the heart of our business model.

2.4 Reflecting on 2014/15

As we look forward to 2015/16 it is important to look back over the last year and ensure the plans we put in place take account of lessons learned and build on success achieved.

The priorities set within our five year 2014/19 strategic plan were to:

1. Consolidate and improve existing services to existing customers – improving quality of service and customer care.

2. Improve cost, efficiency and effectiveness to ensure value for money.

3. Accelerate the growth of Procurement and Property Asset Management services

4. Grow up the value chain by developing and transferring higher value services for existing customers.

5. Deliver business services to new clients on a case-by-case basis, according to criteria agreed with our owners.

The focus for 2014/15 was very much about the first two of these, driving effectiveness and efficiency across all that we do to better support our customers.

We started 2014/15 with a significant difference between our anticipated cost base and the funding available to us. Having focused first on reducing non-people related costs as far as possible, the size of the remaining challenge required an in year reduction to our headcount of around 21% (the full reduction in year was 26%, including 5% relating to the cessation of service transition activity). The scale of the challenge required us to make savings before we had implemented the changes necessary to deliver efficiency in some cases and this meant that we relied heavily on the commitment and resilience of staff to pick up the strain as colleagues departed. However, as we progressed through the year, initiatives to drive efficiency within our processes and better manage demand enabled us to continue to make reductions while at the same time making improvements in some key service delivery areas.

Alongside the delivery of greater efficiency we have also tackled effectiveness with improvement plans developed for each service line.

For Finance Service Delivery this meant building on foundations put in place during the latter part of 2013/14 and enabled us to reduce our headcount by 27% while at the same time improving end to end processes and the quality of service delivered.

For Property and Asset Management (PAM) this meant completing the first stage of the rationalisation of the BIS estate to release £100M+ of savings and receiving industry recognition for the work of the team and individuals.

In Grants Service Delivery, one of the more mature areas of our business, we worked with the Research Councils to agree a way forward for the transfer of the Peer Review process to them (resulting in the transfer of 27 staff to the Research Councils at the start of 2015/16) and continued to drive quality improvements alongside efficiency savings.

However, not all of our service lines had a strong track record on which to build. HR Service Delivery (HRSD) and Payroll for example started 2014/15 in a difficult place; the service had not achieved stabilisation after the transfer of BIS and Partner Organisation services and this transfer had distracted from delivery of already fragile services to the Research Councils. During the year, with the support of our clients, we undertook a programme of service improvement that has enabled service stabilisation, a significant reduction to historic backlogs and a move towards the standard of delivery expected by our customers.

During the year it became apparent that our stated ambitions to grow our Procurement business would not be realised. Furthermore, we recognised that the operational foundations of this service required rebuilding. We are re-establishing this service line through a programme of improvement, developed in the light of both rigorous self-assessment and internal audit recommendations that focuses first and foremost on the compliant delivery of customer service and outcomes for our owners. As a result of action already taken, the risk profile is decreasing and will continue to decrease with time as improvements continue to be delivered and as change is firmly embedded.

For HR, Payroll and Procurement there remains a requirement for improvement and this provides a clear focus for 2015/16.

Over the last year our people have remained remarkably resilient to the personal implications of change and uncertainty and have worked more closely together across the functions to support each other and share best practice. This is a key strength that we will need to nurture and develop over the coming year.

Overall we have matured in our outlook and are better aware and more honest in our assessment of our strengths and weaknesses. We are also more open and honest with each other and our clients. While the last year has been a challenge it has also been a fundamental part of our development; we work better together and are better adjusted to the steady state of change.

Looking forward we must build on what we have achieved to continue the journey of service improvement and efficiency, where necessary focusing not only on our role but on end-to-end process. Alongside this we must also bring greater clarity, discipline and efficiency to those internal processes that exist only to support service delivery.

There is still much to be done, but as we move into 2015/16 we are in a better place than we were this time last year.

2.5 UK SBS 2015/16 Objectives

The Board and Executive of UK SBS have set four clear objectives for the coming year. These are:

1. To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs.

2. To develop our understanding of the changing needs of existing customers and pre-empt or respond to these.

3. To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success.

4. To respond to the emerging BIS Shared Services 2020 review and put in place the building blocks that will enable effective delivery from 1 April 2016.

2.6 Delivering our Objectives - our Operating Model

Our priorities for 2014/15 were clear and our challenges within this were significant. While we balanced the need for increased effectiveness within service delivery with significant savings, our focus was necessarily outward looking. While we made major cuts in the resourcing of our corporate service activity, we avoided the distraction of (and investment that would have been required) for any fundamental change to our business model.

We recognise that our model has grown organically rather than by design and that greater effectiveness and efficiency within our underpinning processes, activity and control frameworks are possible. However, mid-way through 2014/15 BIS indicated that it would be reviewing the future delivery of services provided by UK SBS and our future in that context, and would produce initial findings in December 2014; 2014/15 was not therefore the time to drive the changes that might be inconsistent with or negated by the outcomes of the BIS Shared Services 2020 review.

The BIS Shared Services 2020 review was delayed due to resourcing and has now been swept up within a wider review of its shared service strategy for the next five years. As the likely direction and decisions emerge we recognise the need to review and make changes – perhaps fundamental changes - to the way in which we organise, structure and govern ourselves.

Within the year we will be engaging with our owners and undertaking the work necessary to review options and design for the future delivery model. However, in the meantime we will continue to make the necessary incremental changes to deliver improvements to our current model in year, while ensuring that we do not pre-empt or constrain those future options.

To start the year we are therefore retaining and refining the operating model set out within our 2014/19 strategic plan. The core elements of this are the six service lines supported by a number of enabling activities. The underlying principle is to ensure that service areas can focus on delivery while supported by flexible resourcing and a consistent approach across the services. The 2015/16 plan is structured around this model.

The six service lines are:

- Procurement
- Property Asset Management
- ICT
- HR & Payroll Service Delivery
- Finance Service Delivery
- Grants

The key enablers outlined within this plan are:

- Improving customer insight and customer relationship management
- Building capability and capacity for 15/16 and beyond
- Improving confidence and resilience in the way we deliver
- Underpinning and enabling technology
- Corporate Governance

The plan sets out for each of the service lines an explanation of the service and its scope, its current status, the key objectives and deliverables for 2015/16 and a summary of the cost and income. This is followed by a section that covers the features, key objectives and deliverables for the main enablers.

UK SBS will ensure that all activity and resources are aligned with the delivery of the objectives set out within this plan. While the allocation of resources is detailed for each service line in the next section; the overall allocation of funding is set out below.

2.7 Finance and Resourcing

The work undertaken within 2014/15 to drive efficiency and savings not only helped us tackle a significant in-year challenge, but also positioned us better to face the challenges ahead; we know that our income will continue to be squeezed but we are in a better place and in better health than we were 12 months ago. As well as delivering the savings, we have instilled a greater level of financial discipline, better team working and have become more in tune with the concept that change is the steady state.

In line with expectations, the income base for UK SBS will reduce again in 2015/16 reflecting the overall trend across the public sector; we both enable and are impacted by the challenges and changes our clients need to make within their own organisations.

Income is secured via charges to customers established through a charging model that takes account of customer volumes, the cost of delivery for individual services and a proportionate allocation of our overhead costs.

A summary of the income and expenditure for 2015/16 is set out below:

Forecast Income and expenditure account

Income and costs (£m)	2015/16 Draft Budget	2014/15 P10 forecast
Standard service charges	33.7	35.5
Non-standard income	1.8	14.2
Total Income	**35.5**	**49.7**
Staff costs	22.8	32.2
Non-staff costs	12.7	17.5
Surplus/(deficit) before depreciation	**0.0**	**0.0**

Factored into this is a budget deficit of around £2.4M which has been allocated across the business and will be managed down to zero in-year based on the ability to drive efficiency while maintaining service standards.

The "programme funding" that we have historically drawn from BIS in order to implement change and invest is not available to UK SBS this year and a range of other investment and change requirements are not included within our budget. If we are to make these necessary changes and investments (for example upgrades to Oracle 12.0.6 and Je-S and investment in the PAM Management Information capability) funding will need to be secured from other sources or within any headroom we can create in-year.

Breakdown of costs by directorate

Total costs (£000)	2015/16 Draft Budget	2014/15 P10 forecast
Transactional services		
Finance	3,698	4,719
HR/Payroll	2,978	3,025
Grant	1,446	2,619
Non-transactional services		
ISS	13,635	12,654
Procurement	4,094	8,007
Proporty Asset Management	1,351	1,559
Enablers		
ICG	1,097	1,684
Corporate service	7,153	9,635
Transition	0	2,614
Other		
Connect Programme	64	659
Project	0	2,136
Secondees out	0	444
Total	**35,516**	**49,755**

This includes built in efficiency targets agreed by the UK SBS Executive and delivery against these will be monitored throughout the year with adjustments made where appropriate.
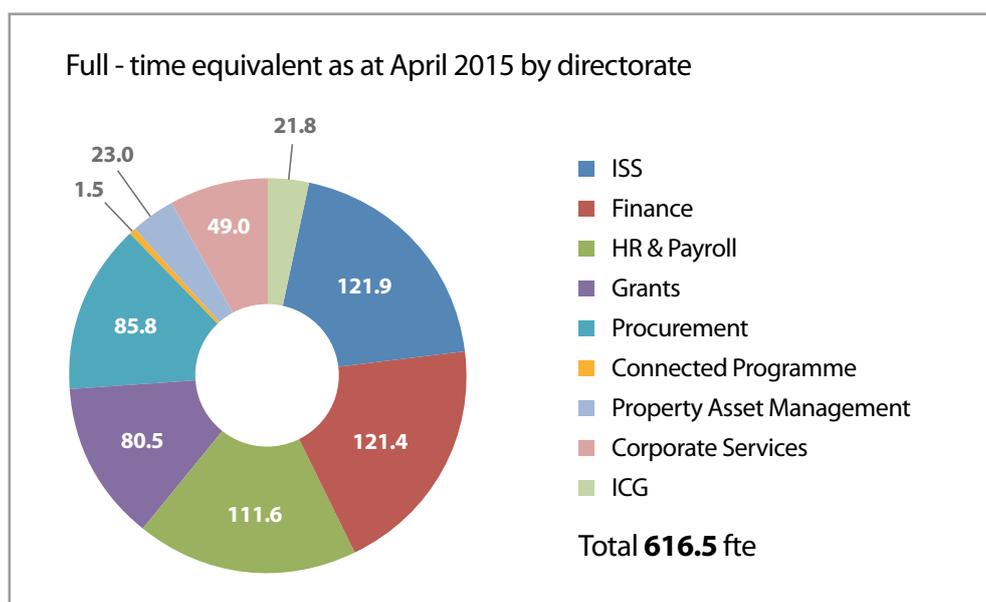
Sources of Income

Description (£000)	2015/16 Draft Budget	2014/15 P10 forecast
Standard service charges		
Standard BAU services	33,735	35,555
Non-standard income		
Various other charges	1,781	3,872
Transition	0	1,714
Other BIS projects	0	2,950
VE funding	0	3,492
Client projects	0	2,131
Grand Total Income	**35,516**	**49,714**

This represents an overall reduction of 28.6% including a 5% reduction on standard service charges. This is in line with BIS planning assumptions.

Resourcing

Over the 2014/15 financial year we saw a headcount reduction of 26% (5% of which was due to the cessation of transition activity and resulting in a 21% decrease on a like for like basis). We expect to start the financial year with a headcount of 616 but expect this to fall to under 600 following the transfer of the peer review process to the Research Councils. Based on the headcount ahead of the transfer to the Research Councils, the allocation of our human resource across the business is set out below:

Full - time equivalent as at April 2015 by directorate

- ISS — 121.9
- Finance — 121.4
- HR & Payroll — 111.6
- Grants — 80.5
- Procurement — 85.8
- Connected Programme — 1.5
- Property Asset Management — 23.0
- Corporate Services — 49.0
- ICG — 21.8

Total **616.5** fte

3 Service Delivery

The six service lines' objectives for 2015/16 are set out below with the scope, current status, key initiatives, deliverables and metrics detailed for each service in the sections that follow. A full customer/service matrix is presented in appendix 1 (page 40)

Procurement

- Continued focus on our improvement plan
- Delivery of effective services and results through standardised processes and MI
- Improved confidence through understanding and alignment with customer needs

Property Asset Management

- Improved service delivery to existing customers and improvement planning with TFM partners
- Improved MI capability, which will enable cost effective solutions for our customers
- Lead the BIS Estates Transformation Programme to drive savings for the next SR

ICT

- Continued improvement to the resilience and reliability of our key systems and infrastructure
- Delivering a more flexible and cost effective service for customers
- To become an experienced supplier of Service Integration and Management services

HR & Payroll Service Delivery

- Stabilisation, improved sustainability and CI of the Oracle-based services
- Ensure the Recruitment and Training services are fit for purpose for current and future clients
- New business models for Recruitment & Training Services are agreed and implemented

Finance Service Delivery

- Deliver continued efficiencies through increased use of technology
- Map and review the full Procure to Pay cycle in conjunction with Procurement
- Review, data cleanse and CI financial management processes and recording of assets

Grants

- Stabilisation of the revised service post peer review transfer
- Enhanced engagement with Je-S users
- Enhanced profile across government matched by strong reputation

3.1 Procurement

Procurement aims to deliver an end-to-end service based on compliant process and enabled by technology. Based on an understanding of the customer requirement and markets the scope of services offered range from sourcing through supplier development and contract management to asset disposal.

UK SBS delivers procurement services primarily for our owners, alongside some limited pan-government activity (i.e. for Research). In 2014/15 UK SBS had approximately £660m of spend under management.

The procurement function is divided into five areas of activity:

- Major Projects
- Common Goods and Services including ICT
- Category Management for Construction & FM
- Pan-government Research frameworks and category management
- Operational and functional support

In the delivery of these services UK SBS maintains a strong working relationship with the Cabinet Office Crown Commercial Service (CCS); complementing rather than competing with their work.

2014/15 was a particularly challenging year, during which we recognised some fundamental weaknesses in our underpinning capacity and capability. Having identified not only the issues but also the causes through rigorous self-assessment and internal audit activity, we have engaged with our customers and suppliers to inform and take forward a comprehensive plan for improvement. The outcomes of our efforts will be tested not only through on-going self-assessment and Executive and Board scrutiny, but also through further internal audit involvement. We have learned lessons which we will apply not only within procurement, but also within our wider business.

Despite these challenges we have delivered benefits (cashable and non-cashable) which represent nearly 6% of the spend under our management.

We recognise that alongside putting in place the framework, processes, controls and resources required for a compliant and effective service, we need to improve leadership and embed new ways of working and behaviours, and specifically embed the changes in the improvement programme to support cultural and behavioural change. This new procurement 'DNA' will emphasise stabilisation to allow processes, new ways of working and the new leadership to adapt to a number of changes. It is imperative these are given time to bed in. Customer confidence will be increased through:

- Improving processes and compliance
- Standardising our approach
- Making it easier for customers to buy
- Focusing our resources to deliver the greatest value

While in previous years we have had a clear focus on growth, our ambitions are tempered this year. Our first priority is our existing customers, but as we build more solid foundations, we will continue to look for ways in which we might deliver greater value for them through measured and managed development.

Our plans for 2015/16 are summarised below:

Corporate Objective	Procurement Initiative	Measurement & Timing
To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs.	Deliver a series of targeted initiatives through the Procurement Transformation Programme with the objective of improving the benefits to customers	In line with programme milestones and monitored through the customer forum
	Provide customers with category packs that allow them to make informed decisions and change behaviour within their business to deliver better value	Client packs to be produced each month commencing Q1
	Provide comprehensive performance packs to customers to show the value Procurement is adding whilst also identifying how cost can be driven out of the customer base	Packs for all clients to be produced each quarter commencing Q1
	To support our talent by developing a comprehensive package of functional training	Providing a series of training courses throughout 2015/16
To develop our understanding of the changing needs of existing customers and pre-empt or respond to these	2015/16 work plans shared with and agreed by Customer Governance Forum members	Agreement by Q1 and monitored throughout the year
	Improve our understanding of customer needs and expectations both now and in the future (specifically reference the next SR period)	Create an engagement plan for April 2015 and agree a series of targets
	Drive more value through existing deals for customers to balance price, quality and service	Produce a plan that identifies areas that can drive out better value throughout 2015/16
To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success	Add value to existing customers through targeted opportunities with the right foundations that improve our understanding of risk vs reward	Produce a targeted plan by end of Q1
	SME agenda to be maintained, with further effort in monitoring second tier suppliers	25% sourcing across customers with SMEs by 2015/16
	Support BIS in the development and implementation of their commercial strategy	Management information throughout 2015/16
	Work with Crown Commercial Services to contribute to the Procurement Agenda	Deliver contribution to agreed benefits target throughout 2015/16

Procurement Metrics

CPI Ref	Description	2014-15 Target	2015-16 Target
CPI-PRC-1	Procurement benefit v UK SBS managed spend ratio	>= 8%	>= 6%
CPI-PRC-2	Return on investment (procurement benefit v cost of service)	N/A	tbc
CPI-PRC-3	OJEU procurements completed in 90 days	N/A	>= 95%
CPI-PRC-4	Further competitions completed in 20 days	N/A	>= 95%
CPI-PRC-5	Purchase orders processed in 3 working days	N/A	>= 95%

NOTE: Further CPIs are being proposed on customer service:

1. a 'Responsiveness' measure on contacts that is still being investigated and this will include reviewing the suitability of replicating the new triaging process in HR & Payroll Service Delivery that would also delivery a customer compliance measure on contacts;

2. a complaints per transactional activity measure that will be reported from April 2015, however due to the current review of Customer & Client Satisfaction confirming this as a CPI will be deferred until the review is complete since there could be a standard CPI regarding the level and perspective of complaint volumes across all services.

3. SLA for sourcing starts when the sourcing activity begins and not when the requisition is raised as the requisition can be raised many months before the sourcing activity begins to secure budget.

4. Purchase Orders processed in 3 working days relates to compliant POs and existing suppliers.

3.2 Property Asset Management (PAM)

The Property Asset Management function covers a range of services including the planning, acquisition, design, construction/fit-out, management, disposal and administration of real estate property on behalf of customers.

In 2014 a single Property Asset Management (PAM) Directorate was established to deliver services across the BIS estate, building on the success of a major estate transformation programme. Following the first year of operation, PAM is already considered to be at the forefront of corporate real estate service delivery in government and stands in comparison with the best in the private sector.

The PAM Director is also the designated Head of Function (formerly Head of Profession) for the BIS Partner network.

The UK SBS PAM team is small but designed to be scaleable. The team currently manages 53% of the BIS admin estate (134,182m^2) and 61% of all occupations for BIS; it is anticipated that this will grow significantly in 2015/16.

The PAM team has achieved cumulative savings of £103.6m across the BIS family, exceeding the set target at the conclusion of the four year programme.

The Government Property Unit recognises that UK SBS Property Asset Management is the exemplar model and as a result this has been adopted as the basis for government clusters to further rationalise estates teams across government.

Building on this platform of success and the initial first year as an operational business, we now look ahead to further drive corporate real estate services with BIS partners. With accountability and ownership of the strategic estates planning for BIS, we are well placed to drive efficiencies over the next Spending Review.

Our plans for 2015/16 are summarised below:

Corporate Objective	PAM Service Initiative	Measurement & Timing
To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs.	Improve service delivery by undertaking process mapping, drawing on learning from within UK SBS	A service manual is developed within 6 months
	Drive further value from facilities management contract	Monitor service improvement plan in place and agreed timescales
To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success	Develop MI capability to provide customer intelligence and reporting against the impact of CSR on estate plans	Immediate investment is required to ensure the business critical ability to analyse and measure estates data/information. A six month implementation period is required
	Lead the 2015-20 BIS Property Transformation Programme to drive savings for the next SR, critical for BIS business delivery	
To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success	Provision of service to new customers from the BIS family of partner organisations	Development of options and business cases within the first half of 2015
	Develop a Full business case in response to the PEX (ER) Committee decision by October 2015. This will develop a functional leadership strategy across BIS and reduce FTE, achieving £1.1M additional savings	
	Influence GPU on UK SBS role in shared service delivery and leasehold liability across Government	
	Build profile and credibility to deliver growth for the business	

The Service Level agreements set out the standard services to be delivered with Partner Organisations. Additional services will be subject to the change request procedure and priced accordingly.

PAM Metrics

CPI Ref	Description	2015/16 Target
CPI-PAM-1	To achieve target (net internal area) ratio across the BIS portfolio by December 2015	TBC 10m^2
CPI-PAM-2	Support BIS portfolio savings over the next Spending Review period	TBC 30-50%
CPI-PAM-3	Drive savings off the UK SBS estate by the end of 2015	10% TBC
CPI-PAM-4	To drive BIS TFM KPI compliance from key delivery partner E.C. Harris by the end of 2015	95% TBC

3.3 Information and Communication Technology (ICT)

ICT Directorate provides business applications along with associated hosting and support. The directorate also provides the IT equipment and infrastructure used within the Company and by some of our customers. The core purpose of the ICT Directorate is to provide UK SBS and clients with cost effective technology services and solutions that deliver flexibility, transparency and unlock savings potential, helping clients meet their business objectives.

In 2014/15 ICT:

- Provided desktop services to c.2,000 customers
- Hosted and supported two major Oracle Enterprise Resource Planning (ERP) applications and the SIEBEL system used for grants processing

In 2014/15 we continued to deliver a "business as usual" service of a high standard – we achieved targets for systems availability and dealing with calls to our helpdesk and other issues within agreed timescales. But we also strengthened our capability in the areas of risk control, service planning and project management. These now benchmark better vis-à-vis comparator organisations. While lifting service in this way, we have in parallel also significantly reduced our costs.

Fully delivering the responsive and flexible IT service needed by clients relies on other initiatives launched during 2014/15 but not yet completed. These will therefore continue to be our focus in the 2015/16 Business Plan period. Our particular areas of focus will be developing our Service Integration and Management (SIaM) capability that will allow us to provide service using multiple external suppliers - dovetailing their contributions. Working up a more itemised IT cost model which will be used to shadow charge in 2015/16 in a way that will support with corporate charging models. But the biggest enabler by far is the work to streamline and simplify our infrastructure allowing us more choices in how to provide components of it in future.

In 2014/15 we have considered options for doing this work and for migrating some elements to "cloud" suppliers. We now have an agreed project that in the course of 2015/16 will see us move to a tiered/layered architecture that allows us to separate applications and clients, and consider service and hosting options specific to them.

By doing this work we will be better placed to become a strategic business partner of our clients: able to provide information and technology solutions that fully deal with their business needs. It will also enable us to comply with the Government's "Cloud First" strategy and the BIS IT 2020 vision. A roadmap for doing this includes gaining assurance that our service quality meets ISO certification standards in Service Management (ISO 20000) and Information Security (ISO 27001), which in turn will give clients assurance that auditable standards of performance are being met.

Aside from this work on the infrastructure we also need to ensure that client and customer experience of our IT applications is positive. That means providing them with intuitive and familiar tools and interfaces with which to interact with our core Oracle and SIEBEL applications and services. This is a significant "digital agenda".

Our plans for 2015/16 are summarised below:

Corporate Objective	ICT Service Initiative	Measurement & Timing
To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs.	Plan and deliver the next tranche of activity designed to ensure that our key infrastructure and applications are reliable, function well, and are appropriately protected	Q1 – for Oracle 12.0.6 and 12.1.3 applications Q1 – Agreed roadmap for incremental improvements to SIEBEL and Je-S
	With the support of the Government Digital Service and customers, identify and implement improvements that could be made to the user interfaces with Oracle and grants systems	Q1 – agree scope for improvement and OBC for change
	Modernise our service catalogue and organisation structure	Q1 – revised service catalogue published Q1 – ICT Target Operating Model published
	Modernise our IT infrastructure and solutions so that we reduce risks, enable more options for delivering service, and allow us to comply with the Government's "Cloud First" policy and BIS IT 2020 Vision	Q1 – new hosting platform and model office built Q2 – UK SBS migration to new platform
	Demonstrate the quality of our services through ISO20000 accreditation. This standard is aligned to the best practice standard, ITIL, already adopted within ICT	To achieve certification by the end of March 2016
	Demonstrate the quality of our Information Security practices through ISO27001 accreditation. The threat from cyber criminals is growing, and in 2015/16 UK SBS will use the IT risk management and accreditation capability built in 2014/15 to increase resilience	Cyber Essentials will be achieved in 2015/16. Full accreditation to ISO27001 will be achieved in 2016/17

Corporate Objective	ICT Service Initiative	Measurement & Timing
To develop our understanding of the changing needs of existing customers and pre-empt or respond to these	2015/16 workplans shared with and agreed by Customer Governance Forum members	Agreement by Q1
	Implement a SlaM service, with Strategic Supplier Management and Commercial Management capability, in order to effectively manage internal and external suppliers	Q2
	Deliver a transparent cost model and a core set of supplier/ commercial processes, which will also support the Service Management accreditation project (ISO20000).	Shadow cost model will operate in 2015/16. Reported to Customer Governance Forum
To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success	Consider offering SlaM as a service or consultancy to other government organisations in line with existing customer needs	Q2
	Offer Information Security as a service or consultancy to other government organisations	Q2
	Offer Technical Project Management as a service or consultancy to other government organisations	Q4

Information and Communication Technology Metrics

CPI Ref	Description	2013/14	2014/15 (to date)	2015/16 Target
CPI-ISS-1	Systems missing availability target	0.5 (avg. per month)	0.5 (avg. per month	<= 0.5
CPI-ISS-2	System bandwidth	N/A	N/A	Tbc
CPI-ISS-3	Incidents triaged within three hours	N/A	84.3%	>= 85%
CPI-ISS-4	Change requests delivered on time and to budget	N/A	90.2%	>= 90%
CPI-ISS-5	Major security incidents	1	0	= 0
CPI-CS-1	Contacts resolved in agreed timescales	N/A	89.3%	>= 85%

3.4 HR and Payroll

The HR Service Delivery (HRSD) team is responsible for providing customers with quality and timely transactional, recruitment and other specialist HR and advisory services.

HRSD and Payroll delivered services to over 25,000 users in 2014/15 and this is expected to drop by about 1,000 in 2015/16 due to client efficiencies and re-structuring. To give an indication of the level of activity in 2014/15, HRSD:

• Delivered pay to c.25,000 people using 25 different payrolls

• Processed over 30,000 Service Requests from staff in our customers' organisations

• Worked c.1000 staff recruitments for UK SBS and our customers.

2014/15 saw the further integration of services across our client base operating on both Oracle 12.0.6 and 12.1.3.

2014/15 has been a year of significant challenge in HRSD with the requirement to bed in new BIS clients on the Oracle 12.1.3 platform. In the early to mid-part of the year this led to significant backlogs across the service and lower levels of customer satisfaction than we would like.

However, from September 2014 onwards, HRSD has improved the service provided by introducing new Continuous Improvement (CI) techniques and cross functional support that have led to significant reductions in backlogs and improvements in quality. This has been achieved against the background of a reduction in resources during the period as well as a high level of employee turnover caused by the uncertainty around the transition to Shared Services Connected Ltd.

HRSD remains focused on continuing this work so that the service fully meets the needs of customers going into the new financial year.

During 2015/16, HRSD will continue to have a number of challenges specifically around improvements to recruitment as well as the development of the other HR professional services such as Training and Immigration in response to customers' medium term needs. In these services there is a need to ensure that, as well as conducting purely transactional work consistently well, we are also able to provide specialist advice and support to clients on hiring, learning and development and immigration matters that helps them achieve their overall strategic business objectives.

The development of these services will need to happen alongside the delivery of further improvements in quality and performance in the Oracle-based transactional services to ensure that these are stable and fit-for-purpose. Now that historic backlogs of Service Requests have been removed, the challenge is to improve quality and efficiency of the service through simplification and standardisation of processes and ensuring that they are shared across our client base.

HRSD will ensure that the corporate Continuous Improvement model is fully embedded within the whole HR service area, including the professional services of Recruitment, Immigration and Training.

Our plans for 2015/16 are summarised below:

Corporate Objective	HR Service Initiative	Measurement & Timing
To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs	Stabilisation and subsequent CI of Oracle-based services	CPIs achieved on a monthly basis. From April 2015
	Completion of end-to-end process reviews	All processes reviewed by end of Feb 2015. Plans to implement to be agreed after reviews completed
	2015/16 workplans shared with and agreed by Customer Governance Forum members	Agreement by Q1 and monitored throughout the year
To develop our understanding of the changing needs of existing customers and pre-empt or respond to these	Improvement of recruitment service offering in close liaison with customers and their feedback on existing service	Service Improvement Plan to be in place by end of Feb 2015. Timetable for implementation of tasks to be agreed as part of the plan
	Review of training services in close liaison with customers and their feedback on existing service	Agreed strategy for training services in place by end of June 2015
To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success	Creation of a future service catalogue for recruitment services for existing and new clients based on customer needs	Service strategy and offering completed by end of June 2015
	Creation of a future service catalogue for immigration services for existing and new clients	Service strategy and offering completed by end of June 2015
	Creation of a future service catalogue for training services for existing and new clients	Service strategy and offering completed by end of June 2015

HR and Payroll Metrics

CPI Ref	Description	2013/14	2014/15 (to date)	2015/16 Target
CPI-HRP-1	Payroll cut-off transactions processed by deadline	N/A	N/A	100%
CPI-HRP-2	Payroll error rate	4.60%	0.42%	<= 0.5%
CPI-HRP-3	Statutory deadlines achieved	N/A	N/A	100%
CPI-HRP-4	Ad-hoc programmes delivered to agreed timescales	N/A	N/A	>= 95%
CPI-CS-1	Contacts resolved in agreed timescales	77.2%	53.7%	>= 85%
CPI-CS-2	Resolved contacts re-opened	N/A	N/A	<= 0.5%

3.5 Finance Service Delivery

The Finance Service Delivery (FSD) team is responsible for providing customers with quality and timely transactional, accounting and other specialist advisory services.

The scale of transactional work undertaken is represented by:

- Completion of 40 payment runs each day

- Reconciliation of 80 bank accounts and undertaking 1,100 other general ledger reconciliations per month

- Processing over 450,000 invoices and claims and the issue of over 15,000 customer invoices per year

The financial year 2014/15 saw the further integration of the three FSD teams based in Billingham, Newport and Swindon, with teams performing similar functions for different customers on the Oracle 12.0.6 and 12.1.3 systems. FSD has been focused on both service improvement and service efficiency and this is actively managed in conjunction with customers through agreed workplans via the Finance Customer Governance Forum and this will continue in 2015/16.

FSD Customer satisfaction scores remained consistently high throughout 2014/15 and two 'open house' days were held to provide an insight into the operation and complexity of finance service delivery; these were well received and helped develop closer working relationships. Significant efficiencies were delivered in 2014/15 generating c.£1.2M of savings through headcount reductions, increased use of electronic invoicing and cross site working. In addition, delivery of finance services were extended to the British Business Bank as a new customer.

Further efficiencies will be delivered in 2015/16 through the continued use of electronic invoicing, cross team/site working and refinement of processes. As part of this, the end to end Procure to Pay process cycle will be mapped and reviewed using CI methodology with support from BIS. Greater integration between the Procurement and Finance teams will continue to be developed to ensure the most appropriate and efficient payment methods are used when suppliers are engaged and reduce the need for the manual 're-keying' of data as this gives FSD the greatest opportunity to further reduce costs.

Additionally, work will be undertaken to prepare for the potential upgrade of the Oracle 12.0.6 system and FSD will agree a financial 'data cleanse' work package with clients to ensure timely and accurate data. This work will complement the work under the BIS 'Finance for the Future' programme and will allow BIS and UK SBS to consider if finance activity from UK SBS can be extended into the BIS 'Centre of Excellence' model to deliver value added services across the BIS family.

Our plans for 2015/16 are summarised below:

Corporate Objective	FSD Initiative	Measurement & Timing
To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs	Electronic invoicing via iSupplier and through the Science Warehouse e-marketplace	Minimum 60% of transactions processed electronically reducing cost per invoice to £2.50 in 2015/16 (£3.50 in 2014/15)
	Map and review to full Procure to Pay cycle in conjunction with Procurement	Review completed by Q2
	Inflation Accounting (IAC) switch off on Oracle 12.0.6	Switch off completed by end Q1 2015/16
	Review the aged debt management process and harmonise approach across the 12.0.6 and 12.1.3 systems.	Review completed by end Q1 with changes implemented end Q2
	Support and engagement in the Oracle 12.0.6 upgrade project	Requirements agreed with ISS in Q1
	Review the account reconciliation process	Completed by end Q1 2015/16 and presented to Customer Governance Forum in Q2
To develop our understanding of the changing needs of existing customers and pre-empt or respond to these	FSD 2015/16 workplans shared with and agreed by Finance Customer Governance Forum members	Agreement by Q1 and monitored throughout the year

Finance Service Delivery Metrics

CPI Ref	Description	2013/14	2014/15 (to date)	2015/16 Target
CPI-FIN-1	Supplier payments made in five working days	81.3%	84.6%	>= 85%
CPI-FIN-2	Invoices received without a purchase order	N/A	N/A	<= 2%
CPI-FIN-3	UK SBS managed debt over 90 days (by value)	N/A	tbc	<= 2%
CPI-FIN-4	Reconciliations completed by end of the following accounting period	N/A	90.2%	= 100%
CPI-FIN-5	Reconciling items outstanding past target accounting period	1,135 (avg. per month)	510 (avg. per month)	= 0
CPI-CS-1	Contacts resolved in agreed timescales	79.8%	74.9%	>= 85%

3.6 Grants Service Delivery

The Grants service is responsible for providing owners with a grants administration and support service that adds value, allowing them to focus on their strategic objective of funding UK research.

In 2014/15 we have:

- Supported over 17,000 active grants for research; as well as dealing with the same number of proposals for grants
- Administered over 4,000 grant offers on behalf of the Research Councils
- Provided the logistical and secretariat support for over 400 peer review meetings in relation to these grants

Throughout 2014/15, efficiencies in the Grants Service have resulted in a leaner team, whilst ensuring a strong performance against targets. A greater focus on service quality along with enhanced engagement with customers has achieved improved client feedback, both in terms of scores and commentary.

It is from this position of strength that we look forward to implementing further quality initiatives in the service to existing customers in the coming year, and to engaging with the Cabinet Office Grants Efficiency Programme and BIS on provision of a generic grants service that might be used more widely.

In September 2014, the Research Councils confirmed their intention to transfer responsibility for peer review support from UK SBS to the Research Councils. This is a strategic decision for our clients, and does not reflect a loss of confidence in the service. The service transfer is due to take place early in the new financial year (2015/16). Our core service will now cover: the Je-S portal; service desks in support of external, client and UK SBS users; proposal receipt and checking; system support and configuration; offer preparation; grant maintenance; grant payment; grant reconciliation; data management; and process support.

The focus for the early part of the new financial year will be on embedding and stabilising our revised service, with an opportunity to put renewed effort into the retained areas. The team structure will be adjusted to reflect the changing needs of our clients, and in particular where an increase in volume of work is anticipated as a result of divested activities. The change in service, where an intricate process is divested from one central team to seven independent bodies, will provide some challenges for all parties, at least initially, and UK SBS is committed to provide the necessary support and engagement to ensure that this change does not negatively impact external users or other planned initiatives.

Improvements have been made throughout this current year. 2015/16 will continue in the same vein. The service metrics will be reviewed. In addition to volume and time-based metrics, a number of quality metrics will be identified. A review of our existing end-to-end processes will be undertaken with a more systematic root-cause analysis approach being implemented. Where possible, and in partnership with our clients, a greater use of standard business rules will be applied so that our value-add and effectiveness as a service provider is increased. Depending upon cost considerations, a programme of Je-S user engagement, designed to enhance the experience of users within Research Organisations, will be initiated.

The operation and award of grants within and across the public sector is complex; however there is a growing momentum behind the desire to streamline grants administration. UK SBS has continued to be actively involved in both the BIS Grants Network and the Cabinet Office-sponsored Grants Efficiency Programme over the past year. In this way, the Company is positioned to take advantage of any future opportunities to support grants administration, and contribute to the two key challenges of increasing efficiency and reducing fraud across government.

UK SBS will in 2015/16 continue to contribute in this wider grants reform activity. A more aggressive approach to raising our profile will be considered through, for example, a stronger networking presence and positioning as a 'thought leader' in the field of grants administration.

Our plans for 2015/16 are summarised below:

Corporate Objective	Grants Service Initiative	Measurement & Timing
To deliver improvements to ensure that all services are effective, efficient and fit for purpose in line with existing customer needs	Stabilisation of the revised service	Revised Service Schedule, performance metrics and process maps
	Review of end-to-end processes to achieve process efficiencies in light of our revised service	Significant improvement in performance in closing Enquiries within six months. Other end-to-end processes by the end of the year
	Review of data assets and development of a data cleansing package in partnership with our clients	Enhanced confidence in the reliability and robustness of grants data
To develop our understanding of the changing needs of existing customers and pre-empt or respond to these	Enhanced engagement with Je-S users to improve their customer experience	Fewer comments about the usability of Je-S
	In response to work by the Cabinet Office Grants Efficiency Programme, define how UK SBS may provide a grants service offering more widely in BIS and across government	A portfolio of potential grants offering (process and systems) by end of Q2
To keep in sight and explore opportunities to develop our business in a measured way that ensures the greatest opportunity for future success	Building contacts as a basis for being well positioned to take advantage of future growth opportunities	Enhanced profile across government, matched by a strong reputation for an efficient and high quality service

Grants Service Delivery Metrics

CPI Ref	Description	2013/14	2014/15 (to date)	2015/16 Target
CPI-GR-1	Applications released within five working days	99.6%	99.8%	>= 95%
CPI-GR-3	Offers prepared within 10 working days	91.7%	93.6%	>= 95%
CPI-GR-4	Payments made on time and accurately	99.9%	100%	>= 99%
CPI-CS-1	Contacts resolved in agreed timescales	86.4%	82.0%	>= 85%

4 Better Supporting Delivery in 2015/6 – our Key Enablers

UK SBS recognises that in 2016/17 it will need to make some fundamental changes to the way it is organised, structured, resourced and governed in order to ensure its long term viability and/or as a response to the outcomes of the BIS Shared Services 2020 review. The analysis and design work to underpin this will be key activities during 2015/16 ensuring these are fully informed by any emerging assumptions, recommendation or decisions coming from the Review.

On this basis UK SBS will avoid making changes that might diverge from future direction or complicate future changes to its operating model. However, it is clear that there are opportunities to increase effectiveness and efficiency within many of its underpinning business processes and its control framework; it is important that it ensures professionalism and consistency in the way that it supports service delivery and that resources are used flexibly and optimised across the business.

In 2015/16 UK SBS will continue its programme to drive effectiveness and efficiency within the business, strengthening the foundations that support delivery in 2015/16 while at the same time positioning itself to meet the challenges of 2016/17 and beyond.

While the service lines focus on improvements to service delivery, greater effectiveness and efficiency across the service lines will be driven through supporting and enabling activity. The key enabling activities are highlighted in the following sections.

4.1 Improving customer insight and customer relationship management

Fundamental to the first two business objectives for 2015/16 is the need to understand fully and respond to the needs of our clients. In order to do this we must ensure that we engage in a considered, coordinated and structured way and that every touch point informs and adds value.

As we progress through the BIS Shared Services 2020 review the views of our clients and our track record will count. While much of the client view depends on the quality of service they receive much will also depend on their perception of and relationship with us.

Similarly if we wish to develop our business in the period beyond 2016/17 we need to ensure that our clients become our ambassadors for growth and not the catalyst for our failure. While our current client base is largely mandated we need to ensure that we retain them and position ourselves so that, over time, we become a supplier of choice.

Over the last year there has been a significant effort to developing and managing customer relationships within all parts of the business. However, we recognise that there is scope for improvement both in the way we coordinate our engagement and in the way we collate, share and apply customer feedback. Moving forward into 2015/16 we will build on elements of good practice and improve on the work to date; simplifying and standardising our approach to customer relationship management and putting in place the tools to support this, while recognising that one size does not fit all.

Alongside this we will better coordinate and focus our approach to stakeholder management; we need to inform and where possible influence the development of options for the future.

Specific initiatives for 2015/16 focus on getting the basics right, reducing complexity and adding value and include:

- Review of the whole CRM "system" to establish – by the end of Q1 – basic principles and processes for the effective management of our clients, with clarity of respective roles and responsibilities.

- Implementation – by the end of Q1 – of basic tools to enable sharing of information and actionable intelligence relating to our clients and their needs.

- Embedding the role of service management within our service lines with clear responsibility for quality assurance and end-to-end process improvement.

- Taking a first principles approach to Customer Satisfaction measurement with an intention to propose a new way forward – focusing initially on business services – by the end of Q1 and creating baseline data in a way and timescale that suits our clients.

- Review the service performance management "system" and ensure that it is fit for purpose with clear and simple metrics that allow our customers to monitor our performance and enable us to take action to improve performance.

- Responding to the feedback from clients and work with them to revisit and improve the working of the customer governance fora.

- Rolling out appropriate training for client and customer engagement building on tools and initiatives already established.

- Creation of a stakeholder map together with a simple, coordinated, streamlined and focused stakeholder engagement plan where every touchpoint will have an objective and desired outcome.

- Continued input to the BIS Shared Services 2020 review.

4.2 Building our capability and capacity for 15/16 and beyond

Over the last year UK SBS has delivered significant efficiency improvements against a backdrop of uncertainty and change. Employee numbers have dropped by 26% within the year and, with significant turnover (both managed and normal leavers); only around 60% of the people who were with us at the start of the year were still with us at year end. The uncertain environment had a human impact and budget pressure constrained the potential to invest in training and development.

Despite these pressures the people within UK SBS have remained resilient and committed. Through 2014/15 an increasingly open and honest dialogue and increased engagement have enabled us to focus on the job in hand and provide a greater sense of short term stability against the backdrop on ongoing uncertainty.

The organisational focus and objectives for 2015/16 requires us to deliver further efficiency and effectiveness but also to increase our organisational capability and flexibility. However, the specific requirements are dependent on the emerging findings of the BIS Shared Services 2020 review and we must be clear that any investment or commitment will provide an economic return. While cost constraints and uncertainty are recognised there is now a pressing need for modest investment in the development of our people.

Specific initiatives for 2015/16 include:

- Development and delivery of management training modules on a "build once, use many" basis, including basic management techniques, technical training and customer relationship management on a sustainable basis, ensuring the capability to deliver this training is embedded within the organisation.

- Building a pan-organisation resourcing model, building on the recent modeling for procurement, to enable greater effectiveness and flexibility in the planning and deployment of our resources.

- Better harnessing the benefits of diversity within our workforce.

- Encouraging increased external networking and membership of industry bodies to build corporate intelligence and develop leadership knowledge and capability.

- Utilising technology and digital channels to provide easier access to simplified policies, procedures and training material so as to make 'doing the right thing' easier and ensure consistency and quality; actions will be taken to ensure employees have a clear understanding of organisational behavioral expectations.

In addition, during the course of 2015/16 UK SBS will undertake robust analysis to underpin the design and development of the target operating model for 2016/17 onwards. The detail and timing of the design and its implementation will be highly dependent on the output and outcomes from the BIS Shared Services 2020 review and UK SBS will need to remain agile and responsive in this respect.

Fundamental to the approach will be the continued open communication with a view to engaging and involving employees at all levels across the business as well as the critical engagement of stakeholders in developing the future direction of the business.

4.3 Improving confidence and resilience in the way we deliver our control framework

UK SBS is, like other companies, required to meet certain statutory, regulatory and legislative requirements and like other public sector entities it must align with certain government policies.

As well as ensuring that we have appropriate policies and controls in place to ensure that we operate in a way that is compliant, effective, efficient, optimises benefit and manages risk we have a significant responsibility to our customers in the management of their data, information and services.

The quality and effectiveness of our underpinning processes and controls vary significantly. In some areas such as IT, Risk Management and Financial control we have made good progress over the last year to create effective frameworks, policies and processes. In other areas such as our corporate records management and procurement there is still much to be done.

Through our self-assessment, internal peer review and internal audit activity, we have recognised that where frameworks and policies exist they are not always understood or adhered to. We understand the need to better communicate and educate, the challenge of cultural and behavioural change and the need to demonstrate the consequence of non-compliance. There is still work to be done to deliver the consistency and compliance required and over the next year we will take a robust approach to prioritise actions and monitor improvements not least through self-assessment and an extensive Internal Audit programme.

Specific initiatives for 2015/16 include

- Responding as appropriate to feedback from the review commissioned in January 2015 to put in place "fit for purpose" framework for Quality Assurance.

- Full implementation of the litigation protocol approved in February 2015.

- Initial and ongoing review of internal audit reports and a rigorous risk based prioritisation of actions.

- Review and challenge of self-assessments applying a similar risk based approach to ensure the basics are in place.

- Monitoring actions and improvement through the Executive Audit, Risk and Control group and through the Company's Audit Committee.

- Ensure internal delegations and the decision making processes, particularly for investment and new business development, are fit for purpose.

- Embed controls within business as usual activities and focus on behavioural change;

- Review the executive and corporate services structure and responsibilities to increase the effectiveness of controls.

- Activities required to maintain our good record for Health and Safety.

4.4 Underpinning and enabling technology

Almost all organisations are now looking at digital technology to unlock savings and improve customer experience, and UK SBS is no exception. We want to dramatically improve the user experience of our key applications and services by providing customers with the sorts of channels and technology they have become familiar with and expect in their private lives.

Looking externally, the challenge is seizing the opportunities offered by the exponential technology change happening in society around us. Most of what we do for our clients is already done on digital Enterprise Resource Planning (ERP) applications, but there is scope to improve user experience of these applications, and develop other areas of our electronic communication with customers, offering them the sort of digital exchange they have come to expect. To do this:

- We will investigate opportunities to improve the user interfaces in our key ERP applications, and our public facing web-applications and website.

- We will create a plan for optimising the digital channels for working with them – whether it is improving the e-forms we use, looking at the bulk communications we issue, or access to our guidance to customers.

- We will identify and deliver new ways that customers can take and interact with our services, that are more "user friendly" than the existing forms and interfaces. Providing the information that our customers need in better ways.

Internally we will use technology to help deliver the company's wider plans by:

- Providing the electronic alternatives to moving paper in our internal processes will generate service delivery efficiency and reduce overhead costs. In 2015/16 we will identify all internal processes that are not yet digital, with a view to replacing these processes with electronic workflow.

- The introduction of some specific IT tools within some service delivery functions will allow a much higher level of customer service to be offered. In 2015/16 we expect to make targeted investments in areas such as Property Asset Management.

- Continuing the improvement we have been making to Landesk, our IT service management tool, will allow us to resolve IT issues affecting UK SBS workers more easily.

4.5 Governance

The UK SBS Board has responsibility for the strategic direction and decision making of the Company and the Board's powers are conferred through the Shareholders' Agreement and Articles of Association. (See appendix 2 and 3 for corporate governance structure, and Board/Executive Management team members)

The Company's constitutional arrangements were most recently revised in 2012 to reflect expanded ownership, including as new owners BIS, HEFCE and Innovate UK (under their formal name: Technology Strategy Board).

UK SBS is a Companies Act company, an Arms' Length Body under 'Managing Public Money' and a Teckal services organisation (now enacted in England and Wales as Regulation 12 in the Public Contracts Regulations 2015). It is also a VAT cost-sharing group host body for its shareholders.

In light of the Public Contracts Regulations 2015, and as part of the ongoing commitment made to its owners as set out in its governing documents, UK SBS is presently reviewing its constitutional arrangements and governance to ensure that they continue to provide a robust, compliant and appropriate foundation for the Company.

Key Governance activities in 2015/16 will be:

- Design, gain shareholder approval and implementation of changes to the Shareholders' Agreement and Articles of Association to reflect the Public Contract Regulations 2015.

- Further work on Design for Governance as required by the outcomes of the BIS Shared Services 2020 review and consequential changes to the UK SBS business and operating model.

- Embedding and further developing the UK SBS corporate scheme of delegation to maintain alignment with any corporate governance changes and underpin effective and appropriate decision making.

- Widening UK SBS ownership where there is appropriate strategic fit.

5   Risks to delivery of the 2015/16 Plan

Risks within the organisation are identified, reported and mitigated through the corporate risk management framework. The risks that relate specifically to the delivery of the 2015/16 Plan will be detailed and managed through that framework and are outlined at high level below:

Risk	Management approach
Financial – we recognise that an incoming government may wish to undertake an emergency review of budgets with the potential for further in-year reductions to funding.	We will remain cautious in our commitments to spending (resourcing and investment) and diligent in our approach to efficiency enabling us to respond as required to further financial pressures.
Financial – irrespective of any further reduction to budget, the investments we need to enable efficiency and improvement in key areas of the business (for example for PAM and IT) are not funded within our budget – we may not be able to secure additional funding for these.	We will take a robust approach to cost-benefit prioritisation of investment and target efficiencies to create headroom within our budget.
Machinery of Government (MOG) changes – while our intelligence suggests that all parties are aware of the cost of MOG changes it is possible that modest changes in a wider government context might have significant impact if they relate to BIS and/or the Research Councils.	We will continue to link in to current thinking and forecasts within BIS and undertake contingency planning at appropriate points. We will also influence insofar as possible the way in which changes are implemented through Oracle.
BIS Shared Services 2020 review – while we believe that we can implement the changes required to provide a long term sustainable option for the delivery of BIS shared services, it is possible that a more efficient option is identified and that we will need to plan for more fundamental changes to our business model than we anticipate.	We will continue to work with BIS ensuring that we develop and put forward the most effective and efficient proposition that we can, but, we will also support any decision that requires an alternative approach and adjust our plans accordingly.
Client Retention – we know that, irrespective of improvements we may have made or plan to make, it may take a while to change perceptions and increase confidence. On that basis and with uncertainty about our future there is a risk that clients will look elsewhere for their services.	We will continue to work with customers to ensure we understand their issues and they understand and support our plans for improvement.
Capacity and Capability – we rely heavily on our people and within some specific areas skills are stretched. There is always a market for good people and, in an uncertain environment we may struggle to retain the skills we need and therefore to deliver the activities required to maintain and improve service delivery.	We will build capacity and capability and adopt a knowledge transfer approach in key areas to eliminate single points of failure. Succession planning for key roles will be key.
Uncertainty – continued uncertainty might mean that BIS and the Research Councils are reluctant to agree to even modest development initiatives or change in ownership.	We will take a considered approach to all development opportunities, demonstrating clear benefits and keeping our owners engaged so that we can adjust our plans as required.

6   Looking beyond 2015/16

As indicated earlier in the Plan the shared services landscape and our on-going role within that will be dependent on a number of factors but, primarily, the outcome of the BIS Shared Services 2020 review and their plans for the next Spending Review period. We are fully supportive of the principles of and requirement for the review; it is essential that we are all confident that the services we currently provide, and other services, are delivered in the most efficient and effective way and that our clients can focus their resources on their core activity.

Over the last six months the Board has led a piece of work that considers options for April 2016 onwards from the UK SBS perspective on the basis that this will provide an input to the wider BIS work. The analysis was originally undertaken based on the assumption that elements of transactional HR, Payroll and Finance service delivery would be transferring to SSCL during 2015/16 and this has now been updated following the recent decision to terminate the contract with SSCL.

On this basis, the starting point for April 2016 will be little changed in terms of the services we provide and the customers we serve, but to provide a viable option we know that residual service performance issues will need to have been addressed as highlighted within our 2015/16 plan. The outcome of the work undertaken highlighted that there remain opportunities to build on the business service lines of Grants, Property Asset Management and Procurement but that, taking forward lessons learned, this needed to be on the basis of solid foundations and an established track record of delivery. The rationale for any growth remains the benefit for current clients achieved through the efficiency, resilience and economy that can be driven by scale. All aspirations for growth have to be on the basis of thorough research, cost-benefit analysis and a clear understanding of risk.

However, we also know that budgets will continue to be squeezed over the next Spending Review period and that we cannot rely on growth to drive significant economy of scale. We have already made some significant reductions within our overall cost base and understand that further reductions require more transformational change.

Our focus has therefore moved to a fundamental review of how we organise and structure ourselves to deliver and the governance arrangements that support it. As set out within the Plan the review and re-design of our business model – based on the principle that this must be the most effective and efficient option – is a key activity for 2015/16 and nothing is off the table.

We firmly believe that by engaging fully with the BIS Shared Services 2020 review team and our clients we will be able to develop and put in place a sustainable model that will enable the delivery of business services – to the quality required and at a price that can be afforded – beyond April 2016.

The future may be uncertain but we are clear that it is also full of opportunity.

7 Glossary

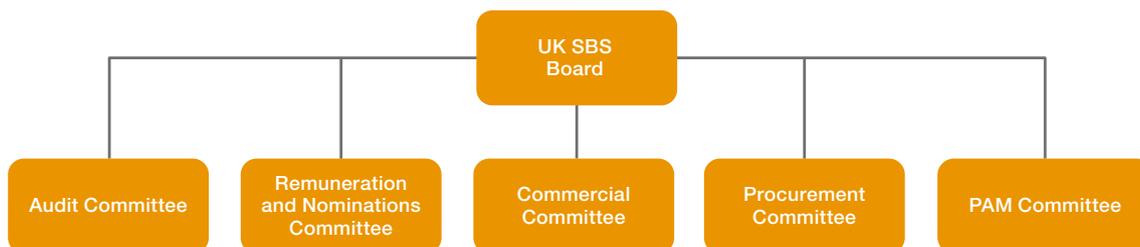| Term	Definition
Benefits	Cashable and non-cashable savings
Best Companies	External accreditation and bench marking of workforce engagement through annual surveys
Client	Senior executives within customer organisations
Customer	Generic term but often used to mean end user
Dalton Philips Review	Review undertaken by BIS Non-Executive Director Dalton Philips in 2013 focused on identifying administrative efficiencies across BIS
Digital by Default	The Government's Digital Strategy which sets the standards for Government departments to meet in relation to online accessibility of public services
Dodds Review	Strategic review of BIS undertaken by John Dodds, BIS Transformation Director
Mutual service provider	An organisation owned by and run for the benefit of its members
Target operating model (TOM)	High level design of an organisation's future structure and roadmap for achieving this
E-business solution	The infrastructure to support the development of a web-based procurement service
Spend under management (SUM)	The percentage of UK SBS spend on behalf of customers that relates to Strategic Procurement.
Upper quartile performance	Performance data that, when compared against similar organisations, falls into the top 25% of performers in the market
Pan-Government	A framework or agreement applicable to all Government departments
GPS/ CCS	Government Procurement Service/ Crown Commercial Service
GPU	Government Property Unit
SSCL	Shared Services Connected Limited is the partnership arrangement between Cabinet Office and Steria to help to deliver the Government's Next Generation of Shared Services strategy
Matrix management	Approach to managing cross functional services and business areas
ISO 20000	Quality standard associated with IT service management
ISO 27001	Quality standards system associated with information security management
Grants Efficiency Programme (GEP)	A Cabinet Office – sponsored programme which is looking to identify efficiencies across Government, specifically on reducing Grants administration costs and better scrutiny of fraud and error.
Research Funding Programme (RFP)	A Research Council Programme to develop a long-term strategy for research funding (i.e. the provision of research grants, fellowships and studentships) and to take forward a number of more immediate changes to research grant systems, processes and structures
QM Framework	Quality Management Framework
Je-S	Joint Electronic Submission system used for grants management
Horizon scanning	The systematic examination of potential threats, opportunities and likely future developments
MI	Management Information

Term	Definition
TFM	Total Facilities Management
SR	Spending Review
CI	Continuous Improvement
SIAM	Service Integration and Management; a model to manage multiple (IT) supplies and contacts to reduce costs and increase innovation
FM	Facilities Management
PEX (ER)	Public Expenditure Committee (Efficiency & Reform)
SIEBEL	Oracle's Customer Relationship Management application
ITIL	Information Technology Infrastructure Library – a set of practices for IT service management aligning IT services with the needs of the business

Appendices

Appendix 1: UK SBS Client/Services

Client	FSD	HRSD	PROC	ICT	Grants	PAM
ACAS			●			●
AHRC	●	●	●	●	●	
BBSRC	●	●	●	●	●	
BIS (core)	●	●	●	●		●
BBB	●	●	●			
CICR	●	●	●	●		
CH						●
CST	●	●	●	●		
EPSRC	●	●	●	●	●	
ESRC	●	●	●	●	●	
GIB	●	●	●			
Hefce			●			
Innovate UK			●	●		
Insolvency Service		●				●
IPO		●				●
LPC	●	●	●			
MRC	●	●	●	●	●	
NMO	●	●	●			
NERC	●	●	●	●	●	
OME	●	●	●			
STFC	●	●	●	●	●	
SFA						●
SLC						●
UKCES			●			
UKSA	●	●	●			
UKTI	●	●	●	●		●

Appendix 2 - UK SBS Governance Structure 2015/16

UK SBS Board

- Audit Committee
- Remuneration and Nominations Committee
- Commercial Committee
- Procurement Committee
- PAM Committee

Appendix 3 - Board and Executive Team

UK SBS Board 2015/16

Dr Clive Grace O.B.E.
**Chair and
Non-Executive Director**

Edward Lester
**CEO and Executive
Director**

Lesley Thompson
Non-Executive Director

Nick Winterton
**Senior Independent
Director and
Non-Executive Director**

Tim Knighton
Non-Executive Director

Baroness Rennie Fritchie
O.B.E.
Non-Executive Director

Elizabeth McMahon
Non-Executive Director

Carol Bemstein
Non-Executive Director

Executive 2015

Edward Lester
**Executive Director
and CEO**

Joanna Brigham
Deputy CEO

Claire Greengrass
**Innovation, Customer
and Growth Director**

Andy Layton
**Director, IT, HR Service
Delivery and Grants
Administration**

Anita Peters
Finance Director

Roger Taylor
**Property Asset
Management Director**

Gavin Foxall
Acting CPO