

# **Shared Payroll Services**

## **Business Case**

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## **Background**

Both Cambridge City Council and South Cambridgeshire District Council operate an in house payroll service utilising the same Payroll / HR software Resourcelink from Northgate Arinso UK Ltd which was procured through a joint project in 2004.

The payroll service at Cambridge City Council is provided by just 2.1 full time equivalent staff (plus some input support following the Council's Departmental Support Service Review) and in South Cambridgeshire District Council the payroll service is provided by just 1.62 full time equivalent staff.

Cambridge City Council pay just over 1,100 Council employees and South Cambridgeshire pay approximately 500 employees and 57 councillors.

Both authorities have invested significant time and resource in the existing system, which provides not only a payroll service but is also a fully integrated Human Resource system dealing with key functions including recruitment and absence management. The system is also utilised to provide crucial business intelligence through its reporting capabilities using Business Objects.

Both Cambridge City Council and South Cambridgeshire District Council share concerns regarding the resilience of their respective payroll services and the need to reduce the costs of back office services

## **Objective**

The key objectives of the shared service are to improve the resilience of the payroll service by pooling resources and to reduce the on-going costs of the service in the longer term.

It is proposed that Cambridge City Council will be the hosting authority for the shared service.

## **Options appraisal**

The project team for the delivery of a payroll service has considered a number of options:

- Maintain existing services within each Council
- Share IT system (one organisation to host and maintain)
- Outsource payroll service to a bureau / direct payroll service
- Implement shared payroll service

### Maintain existing services

Both organisations have concerns about the resilience of their payroll teams; with these concerns and the desire to reduce the costs of back office services it has been deemed this is not a preferred option.

### Share IT System

Both organisations utilise the same payroll system (Northgate Arinso Resourcelink), an option would be to share the costs and maintenance of the system (including statutory legislation upgrades) but retain payroll teams in each of the Councils.

Sharing the costs of IT would have obvious financial benefits but would not address the issue of resilience for both teams. For the hosting organisation it would put additional pressure on a small team with key person dependency.

### Outsource payroll service to a bureau

The option to outsource the payroll service for both organisations has been considered. Outsourcing would bring some financial benefits and provide some reassurance on resilience, however each organisation would need to ensure it retains staff with payroll knowledge to ensure it complies with PAYE legislation, complies with each organisation terms and conditions and policies. Retained staff will also need to collate, validate and pass the information to the payroll provider.

### Implement Shared Payroll Service

Sharing the payroll service will provide financial benefits and ensure the continuity and resilience of the service for both organisations. Additional benefits of a shared payroll service include:

Retention of skilled and knowledgeable staff

Improvements in service quality

Providing service users with access to specialist staff and systems

A cost / benefit analysis has been completed for the shared service option. Northgate Information Systems have also provided cost estimates and provided useful advice and guidance.

## **Cost Analysis Summary**

The cost summary shows direct costs only, due to the size of the service it is impractical to realise any efficiencies in overheads such as management and accommodation etc.

**Current Costs**

Description	South		Total Costs
	Cambridge City Council	Cambridgeshire District Council	
Gross Salary	63,210.00	45,370.00	108,580.00
National Insurance	3,130.00	3,000.00	6,130.00
Pension Costs	11,760.00	8,440.00	20,200.00
Subscriptions	350.00	-	350.00
IT Supplies & Services *	15,560.00	6,600.00	22,160.00
Repairs & Renewal	7,240.00	-	7,240.00
Printing & Stationery	700.00	700.00	1,400.00
Equipment	1,030.00	-	1,030.00
	<u>102,980.00</u>	<u>64,110.00</u>	<u>167,090.00</u>

\*

Northgate Resourcelink	14,700.00	<i>50% of Licence / support fees (50% HR)</i>
R/Link User Group	190.00	
HR/ Payroll ISDN Line	250.00	
PCF - Bacs Software	420.00	
	<u>15,560.00</u>	

**Interim Costs**

Description	Interim Costs (TUPE)
Gross Salary	108,580.00
National Insurance	6,130.00
Pension Costs	20,200.00
Subscriptions	350.00
IT Supplies & Services	17,990.00
Repairs & Renewal	7,240.00
Printing & Stationery	1,400.00
Equipment	1,030.00
	<u>162,920.00</u>

Northgate Resourcelink *	17,130.00
R/Link User Group	190.00
HR/ Payroll ISDN Line	250.00
PCF - Bacs Software	420.00
	<hr/>
	17,990.00

*\* 50% of revised Northgate Fee for shared system  
(50% charged to HR)*

### Shared Service Costs

Description	Potential Costs
Gross Salary	86,070.00
National Insurance	5,510.00
Pension Costs	16,010.00
Subscriptions	350.00
IT Supplies & Services	17,990.00
Repairs & Renewal	7,240.00
Printing & Stationery	1,400.00
Equipment	1,030.00
	<hr/>
	135,600.00
Northgate Resourcelink *	17,130.00
R/Link User Group	190.00
HR/ Payroll ISDN Line	250.00
PCF - Bacs Software	420.00
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	17,990.00

*\* 50% of revised Northgate Fee for shared system  
(50% charged to HR)*

If the system costs are split with HR, there will be additional savings in HR as a result of sharing the system

### Data Migration and System Set Up

Northgate have advised that the data migration exercise is not straight forward as it is dependant on how each system is set up (service conditions, fields and tables etc.), a data mapping (extract) exercise from each system is required to establish any gaps within each system. The data extract will be carried out by Northgate utilising existing scripts and the data mapping exercise will be undertaken by Council employees to establish the gaps in data.

Once the data mapping exercise has been completed this will enable Northgate to advise on what they can do in terms of data migration and what will need to be undertaken by the payroll teams.

Prior to the data migration taking place a number of set up tasks will need to be undertaken to ensure South Cambridgeshire employees can successfully be moved across onto the City Council's payroll.

The work involved in set up, data mapping and data migration should not be underestimated, there will also be a requirement to bring across year to date data and complete a number of parallel runs.

Northgate have provided some Project Indicative Costs, these costs have been provided as indicative only as they are unable to provide actual costs until they are aware of the results from the data mapping exercise. The indicative costs include:

- Project Support
- Consultancy based skills for transfer for core personnel and payroll
- Consultancy for In Year EDI / FBI
- Data Migration from Foundation spreadsheets

The indicative costs are £22,845

In addition to these costs there will be a requirement to backfill the roles at Cambridge City and South Cambridgeshire as key colleagues will need to be released to work on the set up and, data mapping and migration.

It is estimated that these costs may be in the region of £3,000 per authority.

### **Restructure Costs**

Once the shared service is established it is likely an Economical Technical Organisation (ETO) restructure of the service will take place to ensure the service is robust, resilient and efficient.

As a result of the ETO restructure there may be additional costs relating to redundancy and pay protection. The worst-case scenario for these costs will include:

<b>Cost</b>	<b>Amount £</b>
Redundancy	Unknown at this stage
Pay Protection	£12,401 (3 yrs protection)

### **Benefit Analysis**

A detailed benefit analysis is shown in Appendix 3. Below is a summary of potential benefits.

- Creating a greater level of staff resilience; staff will work towards creating common processes for both organisations.
- Improving business processes

- Increase opportunities for staff. A larger team may offer opportunities to learn, and develop, new ways of working.
- Increase the involvement of staff beyond the IT department, involving those delivering a service in the project at a far greater level. This will increase knowledge and skills acquired by each participating organisation.

## **Risk Analysis**

An analysis of risks affecting the business case is shown at Appendix 4, the risks are captured in the following format:

- Risks of providing the payroll service, current controls and how operating a shared service might help to mitigate them
- Shared Service Risks
- Shared Service Project / Implementation Risks

Of particular note are the following:

- Perceived uncertainty about the future may result in skilled staff leaving each organisation.
- The implementation of the shared service may create efficiencies.
- Access to IT at each organisation may impact on Service delivery
- Timescales may impact on the ability to deliver the service

## **Information Technology Issues**

A number of IT related issues have been considered in relation to the proposed payroll shared service.

The Northgate Resourcelink software is located on a virtual server at Cambridge City Council, if Cambridge City is chosen as the host authority it is anticipated that this arrangement will continue with South Cambridgeshire employees being added to the City Council database under a separate control group.

### **Issues considered:**

#### **Access**

There is an existing point-to-point link, which will be re-activated; this is a very reliable 100mb, which will easily support up to 10 user connections from South Cambridgeshire.

South Cambridgeshire users who need access to the payroll software will gain access via a virtual desktop using the Cambridge City home working technology (new version).

#### **Security**

Utilising the existing point-to-point connection will be very secure; it will be a 2-factor authentication



- Private Network
- User Name / Password plus additional password sent to mobile device

### **Support**

Serco, the City Council's ICT Facilities Management Service provider will advise on support costs, it should be noted that Cambridge City Council is currently involved in a procurement exercise to re let its ICT Facilities Management Services contract and the provider may change from July 2013. It is not anticipated that support costs will increase significantly as we utilising existing software, which is currently supported.

Support arrangements would depend on the issues raised, e.g. South Cambridgeshire initial support calls will be raised with South Cambridgeshire IT to determine where any fault lies etc, if the fault is at CCC end South Cambridgeshire IT will raise a call with Serco.

### **Data Transmission**

The recommended option for data transmission of sensitive data between the authorities is via GCSX email account. Cambridge City Council already has a secure GCSX email account for the payroll team. South Cambridgeshire do not yet have a GCSX account set up specifically for payroll.

### **Interface requirements and access to files etc.**

Using the virtual PC's South Cambridgeshire staff would have access to the payroll system and shared drives located at Cambridge City Council and their own files / drives etc.

Some interface files may need to be re-written depending on content etc. Payroll staff located at Cambridge City Council may need reciprocal access to South Cambridgeshire networks.

### **Server capacity**

Northgate Resourcelink sits on a virtual server and the capacity can be increased if required.

Northgate have been contacted to advise on server capacity for the software with increased employee numbers.

### **Access to Self Service**

South Cambridgeshire do not currently use self-service. Self service is web based but Cambridge City Council currently restrict self service to work email addresses rather than home email addresses. If South Cambridgeshire moves towards self-service we will need to review the arrangements and associated costs.

## **Licence arrangements / clarification for Business Objects**

Serco, the City Council's ICT Facilities Management Service provider will advise on licence requirements and costs.

## **Access to DMS files at South Cambridgeshire**

A reciprocal virtual PC access to South Cambridgeshire network will need to be set up to enable access to DMS and file locations.

South Cambridgeshire to advise on implications / cost of this arrangement

## **Other devices**

There will be some small savings as a result of having a shared team, only one payslip sealer with associated maintenance costs will be required

## **Procurement issues**

Both organisations currently use Northgate Arinso Resourcelink; the licenses for both organisations have been purchased in perpetuity following a joint procurement exercise in 2004. The annual support / maintenance agreement for each Council are currently procured separately, the agreement for Cambridge City Council expires in 2013 and South Cambridgeshire District Council expires in 2014.

The annual support / maintenance agreements are procured under a Government Procurement Service Framework Contract, the annual support / maintenance costs are based on employee numbers within each organisation and the system modules that are supported.

We have been in contact with Northgate Arinso to explore what options are available to progress the project, this is particularly pertinent to Cambridge City Council as their licence arrangement for support / maintenance expires in April 2013. The options available are for each organisation to continue supporting their own system or to opt for one shared system for both Councils based on total staff numbers.

Northgate Arinso have informed Cambridge City Council that they must have one of the support arrangements options in place by mid February 2013.

## **Governance and Control**

If the project progresses, it is likely the shared service would report to a Management Board of representatives made up of senior officers from both organisations (Joint Management Committee). The shared service would need to display:

- Shared ownership and control
- Shared contribution to costs (although these may differ between owning authorities)
- Shared benefits
- No private ownership
- A public interest purpose

The proposed hosting authority will draw up a shared service legal agreement, it is anticipated that this will include:

Service Level Agreements agreed by both authorities  
Details of how each partner contributes to the Project costs  
Details of how costs are shared / recharged to partners  
Documented exit criteria for partners

## **Achievability**

The achievability of the project has been discussed with senior officers from both Councils as well as suppliers. Of note is:

- Both organisations feel the project is achievable
- IT representatives from all partners are positive about the achievability of the project. There are risks in achieving integration between the organisations, and there may be unknown technical expenses.

The aim of the project is implement the shared service from the start of the financial / tax year to mitigate the need to undertake more complex data migration and carry out / reconcile parallels runs in both organisations. From Cambridge City Council's perspective a support / maintenance contract need to be in place by mid February.

The implications of not implementing the shared service at the beginning of the tax year will be:

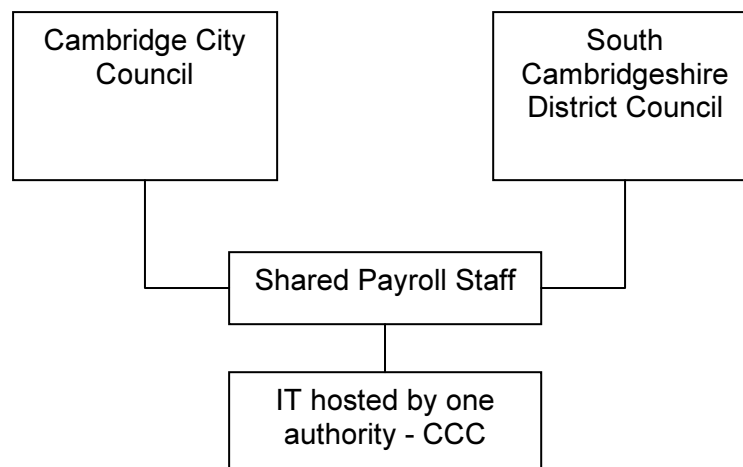
- Data migration will be more complex as it will include year to date data e.g. Income tax, national insurance contributions, pension contributions etc.
- There will be a requirement to undertake parallel payroll runs, which will need to be reconciled; this will be complex and time consuming. Each additional parallel run will require additional input from Northgate and be further complicated by amendments to payroll such as:
  - Post set up
  - Starters
  - Leavers
  - Amendments to contracts
  - Timesheet input including enhancements / overtime
  - Mileage
  - Expenses
- There will be additional project costs resulting from supplementary technical support from Northgate Arinso
- Cambridge City Council will need to enter into a support agreement by Mid February (2013) for a minimum period of 3 years, if we are unable to implement the shared service arrangements from the start of the financial year Cambridge City Council may incur additional support costs.
- A number of major legislative changes relating to payroll and pensions are in the pipeline for 2013 including the introduction of Real Time Information (RTI) to HMRC and workplace pension auto enrolment. These are major projects and will impact on resources within both payroll teams.
- Additional internal IT support will be required
- There will be a knowledge gap on each payroll if we operating as 2 separate teams whilst trying to implement a shared service.

## Recommendations

It is recommended that we proceed with the shared payroll service, the following are actions required:

- Obtain Member approval for a shared payroll service
- Confirm the hosting authority
- Draw up shared service agreement
- Include list of activities included in shared service
- Agree to transfer of staff to the hosting authority (TUPE)
- Confirm the IT arrangements
- Agree start date for shared service,
- Communicate with staff on likely Economical Technical Organisation (ETO restructure

## Appendix 1 – Project Models & Tasks / Activities

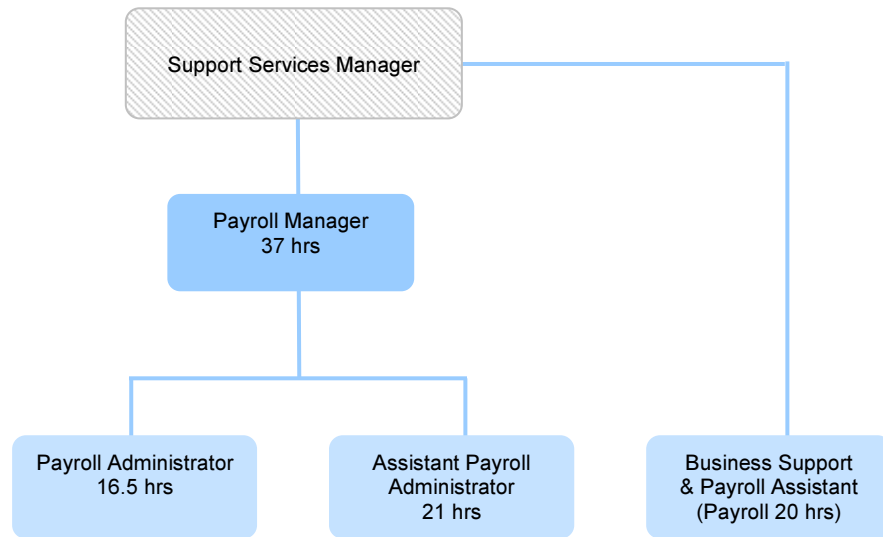


<b>Shared Services – Payroll Tasks / Activities</b>
<i>Production of monthly payroll for employees, on or before the specified pay date to include all data provided by departments, which reaches us by the published payroll deadlines.</i>
Receipt and processing of documentation such as timesheets, absence returns, claim forms and sickness certification etc.
Receipt and processing of information relating to starters and leavers
Receipt and processing of information relating to promotions, regradings etc.
Provision of advice to managers and employees on the submission of payroll input.
Implementation of pay awards (including any relevant back pay)
Calculation and payment of outstanding arrears
Calculation and payment of both occupational and statutory sick pay, maternity pay and paternity pay
Produce and dispatch all relevant output documentation
Provision of information and advice from experienced staff to managers and to employees, on payroll, tax, national insurance and pension matters
Provision of advice to officers and Members on the Local Government Pension Scheme Employers discretions.
Payment direct to an employee's bank or building society account
Process statutory deductions from pay, including PAYE, Child Support Agency, Tax Credits, Student Loans
Pay over contributions to HM Revenue & Customs
Arrangements for deduction of pension contributions as specified by Local Government Pension Regulations, including voluntary additional contributions, and to pay over sums deducted to the pension scheme administrators.

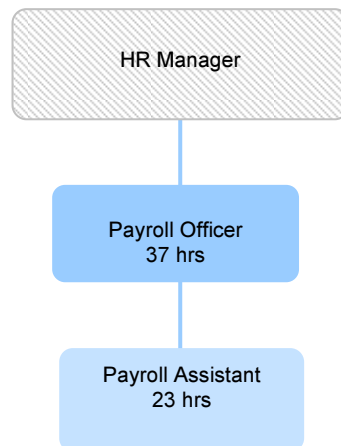
Liaison with relevant bodies e.g. HMRC, Cambridgeshire County Council
Provision of pension documentation to employees and the scheme administrators as laid down in the regulations including the determination of benefits due to employees on termination of employment. This will encompass auto enrolment (workplace pension) regulations.
Provision of a facility for, and accounting for, voluntary deductions from employees pay, including payment of net pay directly into up to three nominated accounts per employee
Provision of redundancy costs estimates
Issue form P45 to leavers
Compliance with data protection legislation
Satisfy Internal and External audit requirements
Maintain and monitor system security ensuring colleagues have the relevant access to facilitate their roles.
Access to specialist advice in relation to PAYE and Pensions
Provision and distribution of itemised payslips showing all payments, deductions and cumulative balances
BACS processing of payments in accordance with agreed deadlines
Processing of year-end statutory returns (P35, P60, P14 and expenses declarations P11D).
Specific Advice relating to payment of expenses and benefits to enable completion of forms P11d
Ensure compliance with relevant payroll legislative changes e.g. Real Time Information (RTI)
Software updates in accordance with statutory requirements.
Provision of detailed payroll costs data for each employee, for update into the Council's general ledger system, for management reporting and budget preparation purposes
Provision of estimated pension benefits and associated long-term capital costs for the authority via the Pensions Administering Authority (CCC only).
Negotiation of tax dispensations with HMRC
Development of the HR/ Payroll system to utilise its full functionality and maximise any efficiencies including self-service functionality (including software updates to comply with statutory requirements)
Liaison with and provision of advice to HR on pay and legislation issues for employee related policies.
Provide 'check off' facility for trade union membership payments
Housekeeping and system administration for the HR/Payroll system
Administer the Childcare voucher Scheme including deductions from salary
Administer the salary deductions for the Cyclescheme and other salary sacrifice schemes where appropriate

## Appendix 2 – Current and Proposed Structures

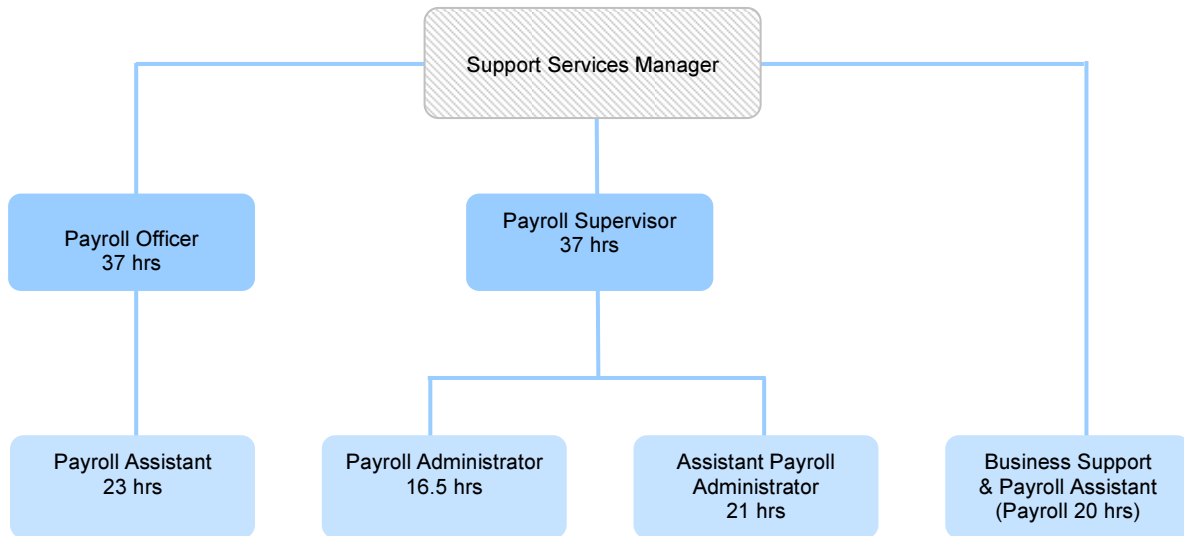
### Cambridge City Council – Current Structure



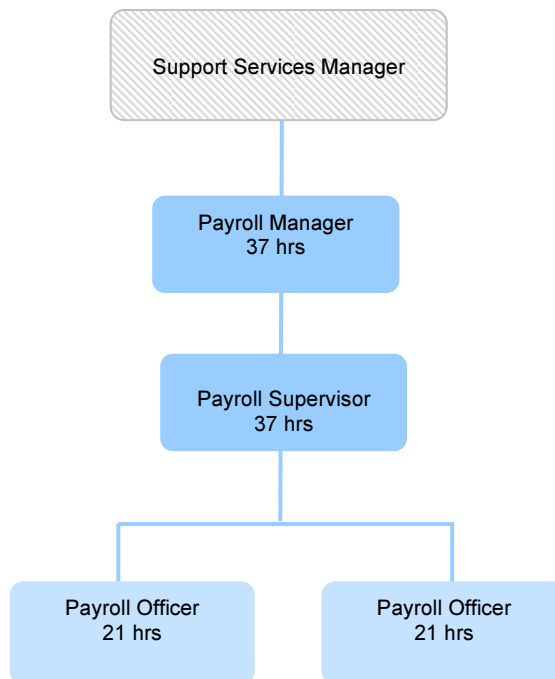
### South Cambridgeshire District Council – Current Structure



### Proposed Structure following TUPE Transfer



### Potential Structure following ETO Restructure





## **Payroll Assumptions**

### **1. Implementation Options**

The model assumes one database hosted by Cambridge City Council, South Cambridgeshire would become a control group on the Cambridge City Council Resourcelink software.

### **2. Costing Model**

NIS has supplied indicative costs after consulting with their development, sales and consultancy teams.

Northgate's offer assumes a 5-year contract. The shorter the contract term, the higher the costs will become. There is no upfront payment to purchase the software. Instead a fee is paid each year to cover the software licence and the support and maintenance provided by NIS.

### **3. Ongoing Support**

The model assumes support from NIS. This delivers software upgrades, service packs, access to a Support Team and the Northgate HR Customer Extranet web site, including a technical database.

### **4. Software Upgrades**

Vendors release new versions of their software and de-support older versions. The model allows for this in the Repairs & Renewals Fund.

### Appendix 3 – Benefit Analysis

Benefit	Payroll Shared Service
Increase the knowledge and expertise available within each organisation to deliver shared services.	↑
Remove any duplication of effort in relation to new legislation / system upgrades etc.	↑
Challenge current ways of delivering services, and potentially improve business processes.	↑
Potential to increase the quality of service provided.	→
Increase the 'up-time' of the application	?
Potential to increase the business continuity performance of the IT if service can be provided at either location	↑
Increase the resilience of the service provided by the Officers.	↑
Improve the use of systems.	↑
Increase opportunities for staff – a larger team should lead to more opportunities.	↑
Increased efficiencies may create cost savings	↑

#### Key



Will lead to an improvement from the current level



Will have little or no impact on the current level



Will have a detrimental impact on the current level



Impact is uncertain at present

**Appendix 4 – Risk Analysis**

**Payroll Service Risks**

Risk	Cause	Consequence	Controls	Shared Service implications
Software supplier unable to meet contractual obligations	1. Supplier unable to fulfil contractual commitments in part or full 2. Legislative changes not implemented 3. Supplier goes into liquidation	1. Unable to utilise the system fully 2. Unable to pay employees and Members correctly or at all 3. Reputational damage 4. Potential penalties from HMRC	1. Robust procurement arrangements 2. Supplier meets legislative requirements on time 3. Supplier user groups 4. Regular contact with account manager	No change as a result of shared service
Failure of IT service provider	1. Server not accessible 2. Power failure 3. IT not able to prioritise 4. Malicious persons (hacking etc.)	1. Unable to access the system 2. Unable to pay employees and Members 3. Reputational damage	1. Contract with IT provider 2. Backup generators 3. Backup of systems 4. Firewall / security in place 5. Ability to escalate issues if necessary	Possible opportunities to utilise partner authority IT facilities
Key Person Dependency	1. Key employee leaves 2. Key employee is on long term sick	1. Unable to provide full payroll service 2. Potential for serious errors 3. Reputational damage 4. Potential penalties from HMRC	1. Procedure notes 2. Staff training	Increased team will provide greater resilience
Risk of not providing a quality service	1. Staff not aware of the processes 2. Staff not adequately trained 3. Insufficient resources	1. Errors in payments to employees and Members 2. Reputational damage 3. Potential penalties from HMRC	1. Staff training 2. Feedback on service 3. Intranet site 4. Management checks	Increased team will be able to maintain existing quality service with potential to enhance this
Risk of payroll staff having insufficient knowledge	1. Staff not adequately trained 2. Staff do not have access to relevant information 3. Inability to appoint suitability qualified staff 4. Staff unaware of policies and procedures	1. Errors in payments to employees and Members 2. Reputational damage 3. Potential penalties from HMRC	1. Staff training 2. Access to professional organisation (CIPP) 3. Legislative updates from CIPP 4. Close liaison with HR on policies	Increased team will provide greater opportunity to share knowledge

Appendix 1

Risk of not meeting legislative requirements	1. Staff not aware of / do not have access to legislation updates 2. Staff not provided with training / support	1. Errors in payments to employees and Members 2. Reputational damage 3. Potential penalties from HMRC	1. Staff training 2. Access to professional organisation (CIPP) 3. Legislative updates from CIPP	Increased team will enhance the legislative knowledge base.
Lack of Resources / Capacity to provide the service	1. Insufficient budgets for the service 2. Increased workload due to changes in policy / legislation 3. Staff sickness 4. Staff leaving the organisation	1. Unable to provide full payroll service 2. Potential for serious errors 3. Reputational damage 4. Potential penalties from HMRC	1. Review of service annually 2. Performance reviews for employees	Increased team will provide greater resilience
Service Continuity Risks	1. Loss of power 2. Unable to access system 3. Unable to access building 4. Major disaster 5. Staff unavailable	1. Unable to provide full payroll service 2. Potential for serious errors 3. Reputational damage 4. Potential penalties from HMRC	1. Service Continuity plan 2. Access system from alternative location / home	Shared service will provide greater resilience for staff and IT
Failure of BACS software	1. BACS system unavailable 2. Staff cannot access system e.g. forgotten password etc. 3. Power failure	1. Unable to pay employees and Members on time 2. Potential additional costs for alternative payment methods 3. Reputational damage	1. BACS processed early in case of issues with system 2. Issue cheques if required 3. Issue chaps payments if required 4. contract with BACS software provider	No change as a result of shared service
Failure of Payslip sealer	1. Power failure 2. Failure of machine	1. Unable to provide employees and Members with a payslip (legal requirement) 2. Payslip provided late 3. Reputational damage	1. Maintenance contract with provider 2. Envelope payslips if required	No change as a result of shared service
Risk of fraudulent activity	1. Inadequate controls 2. Insufficient staff to provide segregation 3. Staff unaware of policies and procedures 4. Deliberate acts of fraud / theft	1. Financial loss 2 Reputational damage 3. Loss of trust in the service	1. Robust controls in place 2. Segregation of duties 3. Managerial checks/ controls 4. Secure access to systems	Shared service will enhance opportunities for robust controls and management checks

**Shared Service Risks**

Risk	Cause	Consequence	Mitigation
Failure to agree and apply payroll processes	1. Employees unaware of correct processes 2. Poor communication	1. Unable to agree processes / meet SLA requirements 2. Potential for errors / duplication	Clear guidance and understanding of processes and how these will be combined and applied in the future
Breach of Security and exposure of personal and sensitive data	1. Inadequate IT arrangements 2. Inadequate controls / security 3. Poor communication	1. Incorrect access provided 2. Employees unable to access the system 3. Potential for exposure of personal and sensitive data	ICT lead officer to advise
Failure to implement a secure method of data transmission	1. Inadequate IT arrangements 2. Inadequate controls / security 3. Poor communication	1. Potential for exposure of personal and sensitive data 2. Employees not paid correctly 3. Reputational damage	ICT lead officer to advise
Inadequate resources to provide the payroll shared service	1. Staff uncertainty causes them to leave 2. Unsuitable structure to provide the service 3. Staff sickness	1. Unable to provide full payroll service 2. Potential for serious errors 3. Reputational damage 4. Potential penalties from HMRC	Implement a structure which will provide a quality service with built in resilience
Partners fear loss of control of key data and processes	1. Uncertainty of shared service outcome 2. Poor communication	1. Organisations feel they have lost control of their data 2. Loss of confidence in the shared service 3. Poor relations between organisations	Shared Service agreement which clearly sets out how the shared service will operate including SLA / PI's
Failure to report and interface with partner authority	1. IT system capabilities 2. Failure to understand partner requirements	1. Inability to report from the system 2. Inability to interface with partner authority (GL data)	ICT lead officer to advise
Failure to meet SLA / PI's	1. Processes not embedded correctly 2. IT failures 3. Poor communication 4. Structure of team inadequate	1. Future of shared service questioned 2. Potential for failure of the service 3. Reputational damage 4. Additional costs to rectify position	Agreed achievable objectives to be included in shared service agreement with review timetable
Failure to achieve efficiencies within the shared service	1. Business case is inadequate 2. Unexpected costs (system / staff)	1. Financial Implications 2. Reputational damage 3. Failure of the service	Robust business case with clear objectives

**Shared Service Project Risks**

Risk	Cause	Consequence	Mitigation
Incomplete or incorrect migration of data from partner system	1. Incorrect employee data migrated from system 2. Employees not migrated (I.e. missing employees)	1. Employees and Members not paid correctly (or at all) 2. Reputational damage 3. Financial implications	Manage the migration with Northgate and partner authorities
Loss of key staff during transition	1. Employee uncertainty causes them to leave 2. Poor communication	1. Insufficient resources to deliver the service 2. Disgruntled staff	Ensure staff are kept informed of the shared service opportunities
Legal & Procurement Risks	1. Timescales for the project 2. Availability of appropriate advice etc. 3. Poor communication	1. Unable to agree contract terms 2. Unable to agree shared service agreement / SLA 3. Failure of shared service	Ensure Legal / IT / Procurement / Members advice is sought at the earliest opportunity
Project Complexity and timescales	1. Failure to scope the project / shared service 2. Inadequate timescales to complete the project	1. Failure of the shared service 2. Inadequate service 3. Reputational damage	Robust business case with clear objectives with input from all parties
Failure to agree terms with software supplier	1. Supplier not willing to concede on price structure 2. Failure to agree terms / length of contract	1. Failure of the shared service 2. Financial implications 3. Reputational damage	Early communication with Northgate to discuss mutually agreeable terms
Failure to agree SLA / Performance indicators	1. Partner organisations unable to agree terms 2. Unacceptable demands	1. Failure of the shared service 2. Financial implications 3. Reputational damage 4. Consequences for future shared services	Early communication with Partners to ensure agreement on SLA / PI's is achieved
Risk of exceeding expected costs	1. Additional costs beyond control 2. Additional costs not considered in business case	1. Financial implications 2. Reputational damage 3. Question the viability of the shared service	Ensure business case includes all relevant project costs where possible

<p>Members from partner organisations do not approve the shared service</p>	<p>1. Members not advised accordingly 2. Members not convinced by business case</p>	<p>1. Shared service would not progress 2. Consequences for future shared services</p>	<p>Approval in principal sought from Executive Members, Members advised of business case at an early stage</p>
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