



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

**Progress against Public Service
Agreements and Departmental Targets**

9 June 2010

NORTHERN IRELAND ASSEMBLY

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and Departmental Targets**

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)
Mr David McNarry (Deputy Chairperson)
Mr Simon Hamilton
Mr Fra McCann
Mr Mitchel McLaughlin
Mr Declan O'Loan

Witnesses:

Mr Derek Baker)
Mr David Orr) Department of Finance and Personnel
Mr Paul Wickens)

The Chairperson (Ms J McCann):

I welcome DFP officials David Orr, Derek Baker and Paul Wickens. As this was on the agenda last week, and if you are content, we will move straight into questions.

Mr David Orr (Department of Finance and Personnel):

Absolutely.

Mr McNarry:

You are welcome, gentlemen. We are concentrating on targets that have been given a red card.

With regard to your business plan target IP1.3, the Committee has already raised the issue of prompt payment of invoices with officials. We were informed that for the 2009-2010 period, only 64% of valid invoices were paid within 10 working days. We have been advised that that figure may have been skewed due to the number of disputed invoices, which is an issue that I will come to. However, the figure indicates that the target of 90% of invoices being paid within 10 days continues to be challenging.

That is extremely disappointing, particularly from an elected Member's point of view. It was a big thing for me to be able to say to constituents who were having problems some time ago that we had gotten our heads around the situation and had included a 10-working-day element in the process. People responded to that and said that it was a good measure. There was universal appreciation of what you were trying to do, particularly as we are in hard times. However, the times are going to get harder, so I want assurance that there is no way that the 10-day payment period will be withdrawn.

What percentage of invoices is currently paid within 10 days? Do you have an estimated end-of-line percentage? We are being told that 64% of invoices are being paid within 10 days and that you will not achieve your target of 90%, so where are you at now and where do you think you will be at?

Will you also elaborate on the nature of the disputed invoices, how many there are and the length of time that it appears to take to resolve them? What steps are being taken to ensure that the 90% target will be met in 2010-11? If those questions require a lengthy answer, David, perhaps you will provide the Committee with a written answer.

There was also a sick absence target of 8.5 days, yet the information supplied to the Committee by the Department shows that the current estimate is 9.6 days. What percentage is that of the target, and what is the current position? I do not need to say too much about sick absence levels, because there may be good reasons for them. However, there is public concern at the levels.

Mr Orr:

There is. I will deal with both issues. If further information is required, the Department will reply in writing.

The aim of paying 90% of valid invoices within 10 working days was introduced in November 2008. However, our financial systems are set up to process and pay invoices within 30 days, so I think that you can understand —

Mr McNarry:

I do not understand. You have given a target of 10 days, and I want to know about that. I know the percentages for the 30 days.

Mr Orr:

What I am telling you is that the Department's systems were designed and resourced —

Mr McNarry:

Has the Department not had plenty of time to change the systems?

Mr Orr:

Changing the systems takes times and costs money. Trying to achieve a target of 10 working days is challenging.

Mr McNarry:

The announcement that there would be a target of paying invoices within 10 days was greeted universally with great welcome, particularly by those who need the cash flow. When it was announced, no one said that there may be problems because the systems are set up for 30 days. The target was and is 10 days, and it is not satisfactory for the Department to say now that it has still not cracked it after this length of time.

We need to be able to do our job and get the information across. It seems that 64% of the invoices are being paid within 10 days. Hopefully, that figure has improved. Can you give me the current figure and an estimate of what it will be at the end of the year?

Mr Orr:

I will try to do all of that.

Mr McNarry:

I do not accept the idea that technicalities are to blame. One cannot have the Minister saying the Department will do something, to a chorus of hip-hip-hooray, and get loads of brownie points, and then fall down on delivering it.

Mr Orr:

The aim of paying valid invoices within 10 working days is challenging.

Mr McNarry:

You obviously have a script that you are going to stick to David. I will let you do that.

Mr Orr:

Anybody who has worked in the private sector, or who deals with it, will realise that that is not done in the private sector. The Department is trying very hard to meet that aim.

Mr McNarry:

There are different responsibilities between your sector and the public sector. I keep being told that there is no commercial mentality in the public sector here.

Mr Orr:

We also have resource constraints. The 64% of invoices that were paid within 10 working days includes valid and disputed invoices, and our systems are not able to give us information at an aggregated level to distinguish between them. Therefore, the 64% understates the number of valid invoices that were paid. The percentage is improving. In March, it was 70% and, in April, it was 73%. In relation to the disputed invoices —

Mr McNarry:

Before you move on, what is your estimate of what that will be at the end of the year?

Mr Orr:

I do not have an estimate for the end of the current year.

Mr McNarry:

Can you get me one?

Mr Orr:

It would be almost impossible to give you an estimate, because we do not know —

Mr McNarry:

So, it is not difficult to give an estimate for sick absence levels, but it is difficult or almost impossible —

Mr Orr:

Just to check; are you asking me for an estimate of performance at the end of the 2010-11 financial year?

Mr McNarry:

Yes.

Mr Orr:

I am unable to do that at the moment.

The areas for dispute in an invoice might include a difference between the quantities ordered and delivered. That has to be investigated. There might be a difference between the tender price and the actual price on the invoice. That all has to be investigated, and, in the 10 days, we have to check that the work has been done or that the supplies have been delivered. We are taking steps to try to reduce the processing time for disputed invoices. We have set up systems so that our central finance staff get involved in trying to resolve issues with which they can help.

Mr McNarry:

That certainly deals with the target. I appreciate that you said you were subject to resource constraints. What do you mean by that?

Mr Orr:

The systems are resourced and designed to operate on the basis of payment within 30 days. To achieve payment within 10 days, more people are needed. Limited budgets constitute the resource constraint on doing that; we cannot afford to put more people in. We have improved, but the amount by which we can improve depends on the resources that we can apply.

Mr McNarry:

Was that unknown when the Minister made his announcement?

Mr Orr:

In his announcement, the Minister set out the aim, and we have risen to that challenge as best as we can. We are continuing to improve.

Mr McNarry:

Will you talk about sick leave?

Mr Orr:

The actual outturn for 2009-2010 is 9.6 days, which equates to an average of 4.4%. That did not meet our target of 8.5 days, but it is the sixth successive year that we have achieved a reduction. In 2003-04, the figure was 14.3 days. We are continuing to work to bring that down from 9.6 days. Interestingly, in the private sector, 9.5 days is the average absence rate for large organisations of more than 2,000 people.

Mr McNarry:

If you are going to keep on comparing your figures with those of the private sector, then we will meet again on those comparisons, and perhaps on pay, bonuses and many other areas. I am sure that we will come back to that one day, David. Well done to whoever is making the reductions. Why is that happening? What is helping to improve the target? I hate to delve into the issue of sickness, particularly if people are indeed sick. "Sick absence" is a strange term — absence without leave might be the correct way of describing it.

Mr Derek Baker (Department of Finance and Personnel):

There is another target for the Civil Service as a whole. That rests with me, and it is a bit tricky because much of the work is down to Departments. In April 2010, the Committee received a detailed report from my colleagues on our performance against sickness absence and the various actions to which we have committed in response to reports from the Northern Ireland Audit Office, the Public Accounts Committee and our own work. We have consolidated those into an overall action plan, which Departments are required to follow.

The kind of work that we do is fairly simple and self-evident. Nevertheless, it is important that we keep the pressure on all those actions across Departments. They range from maintaining a high profile on sickness absence by ensuring that sickness absence rates are a regular feature at departmental board meetings and that that information is circulated to heads of business areas, so that they understand what is happening in their business areas and take action to ensure that individual members of staff, such as line managers, know the processes, procedures and policies to be followed when somebody is off sick, particularly on a long-term basis.

It is important that line managers engage with such people. We also must ensure that there is accountability, which we do by routinely submitting reports to Statutory Committees, the PAC and Ministers.

Tackling sickness absence is about engaging earlier and more intensively with people who are in danger of becoming long-term cases. Our facts and figures show that for the year in question about half of the staff were not sick and did not have any days off. In fact, the vast bulk of sickness absence — about 80% — can be attributed to about 10% of people, and, it is the long-term cases within that percentage that drive up the absence figures.

The evidence shows that it is important to engage with such people quickly, because if their sickness drags on, they switch off from work, and it becomes more and more difficult to rehabilitate them and get them back to work. The Civil Service provides the Carecall system, which is 24-hour counselling service to help people with difficulties, as well as an occupational welfare service. It is important that we engage with people and do not forget about them. We ring them and visit them to talk about what they need to come back to work, how we can rehabilitate them, whether we need to make adjustments at work for them, and whether they are willing to return to work on a phased basis. That is the kind of work that we are doing. We also provide specific initiatives in the area of physiotherapy.

The Northern Ireland Civil Service has a particular problem with the rate of female sickness absence, particularly pregnancy-related sickness absence. It seems that a very high proportion of female staff move to sickness absence after a period of maternity leave. That problem has not manifested itself in the Civil Service at Whitehall. We have looked at the issue, and it seems to be Northern Ireland-specific. We must face that difficulty and address it. However, in doing so, we are going where angels fear to tread, and we may, therefore, fall foul —

Mr McNarry:

May I interrupt you for a minute, Mr Baker? I am sure that you could talk about this very interesting subject for another half an hour, and I would be very interested to hear that, but we simply do not have the time. Therefore, will you send the Committee a summary of what you said and what you wished to say had you had the time?

Mr Baker:

I remind you, Chairperson, that we sent a detailed report to the Committee in April that probably covers all of the activities and issues that I raised.

Mr McNarry:

That report does not tell me whether the Department will meet the target.

Mr Baker:

We have missed the target. The target of 9.5 days sickness absence for whole of the Northern Ireland Civil Service was set five years ago.

Mr McNarry:

It says in the briefing paper that the target is 8.5 days.

Mr Baker:

There were differential targets for different Departments. The target of 9.5 days was set five years ago as an aggregate for the NICS. We have not hit that target, and we are now in the process of developing targets for the next three-year period.

Mr McNarry:

I am interested in the Department of Finance and Personnel's target of 8.5 days.

Mr F McCann:

My question is about HR Connect and other services. The Committee has previously raised concerns about the performance of HR Connect and was alarmed at the level of abatements for failure to achieve service levels in 2008-09. Business plan targets C3.1.1 and C3.1.3 and C3.1.6 indicate that an amber status has been awarded to HR Connect, Account NI and Network NI for

the achievement of service levels and key performance indicators (KPIs). Will you clarify which aspects of the service level agreements and KPIs are not being met? What actions are being taken to address the failure to achieve service levels and KPIs? What financial penalties have been incurred?

Mr Paul Wickens (Department of Finance and Personnel):

I will take that question. Enterprise Shared Services is responsible for HR Connect, which I will address first. We failed to meet the targets in four key areas, namely payroll, which the Committee is familiar with, phone answer time, call abandonment and the availability of IT systems.

As part of our ongoing work to improve the quality of service, we have focused specifically on each of those issues with the private sector partner. We have recently finalised a new amendment agreement of the contract with them, which was signed in March. It takes all those problems into consideration to ensure that there is appropriate resourcing behind them all.

The payroll problem caused the most concern, and, for the past four months, we have reached 99.9% payroll accuracy. I have talked to colleagues in Whitehall, and that figure is at the top of the league for payroll accuracy and a significant turnaround on the figure from some months ago.

We have applied abatements in each of the four areas that I have identified. They are a fact of having these commercial contracts in place. Abatements are there to encourage and incentivise better behaviour. We have seen a turnaround and an improvement in each problem area. Furthermore, we measure 56 KPIs for HR Connect, and we are focusing on taking remedial action in and keeping a constant eye on only four areas. Therefore, we have made significant progress in those areas.

Mr F McCann:

The paper says that service credits have been paid by Eircom. What does that mean?

Mr Wickens:

Eircom is a private sector partner that supplies the Network NI contract. Network NI has been a very successful shared service. It provides our broadband and network capabilities across the Northern Ireland Civil Service and beyond. It is a strange anomaly that we missed three of the 15

key performance indicators for Network NI. In fact, those three were combinations of various things that were not connected, and we applied a reasonably small service credit to Eircom. Overall, that service is performing extremely well for us, and I have no concern with it.

Mr F McCann:

What do you mean by “service credit”?

Mr Wickens:

Basically, we withhold payments. A complicated model is set up and agreed as part of the contract that states that we will withhold a certain amount of payment if a contractor does not achieve certain standards. In effect, a service credit is us withholding payment. However, it is not the full amount for each part of the service; it has been a fairly small amount.

Mr F McCann:

HR Connect seems to come up time and again. Although you mentioned some successes, you could not be satisfied with the level of service that HR Connect provides.

Mr Wickens:

As I said, we are doing well on 52 of the 56 key performance indicators and are continuing to focus on the other four. We have a dedicated team in place to look at continuous service improvement. One year of implementation project work still needs to be finished to take HR Connect to where it needs to be. Therefore, it is under constant review. We are not totally satisfied with the level of service. We will keep focusing on it, but we believe that we are doing the right things.

Mr F McCann:

The business plan target C1.1, which aimed to achieve a 75% customer satisfaction rating in the DFP customer survey in 2009, has been awarded a red status. Does that refer to internal or external NICS customers? What actions are being taken to improve the customer satisfaction ratings?

Mr Orr:

If refers to internal and external customers. In order to make improvements, we have introduced a DFP improvement programme whereby we use various techniques, such as the customer service

excellence model, to ask our customers how we can improve the level of service. Moreover, we work with them on our processes to ensure that we get them right. It is important to ensure that we communicate with our customers effectively, and we were pleased that the survey results in that area have risen by 7% since last year. Customer service is very important, and we want to increase engagement with our customers across our business areas in order to improve.

Mr F McCann:

We talked about internal and external customer service when you were here last. Have there been any changes in the way that you engage with external customers?

Mr Orr:

Properties division initiated a customer journey mapping project in which we sat down with some of our external customers to examine our various interactions with them. We set up a workshop in which we looked at how to improve processes. The general discussion enabled us to come up with better processes that will lead to improved customer service. Rather than just asking customers once a year whether they are satisfied, we are engaging directly with them, which has been quite productive.

Mr F McCann:

Have their suggestions been taken on board and implemented?

Mr Orr:

As far as we can, yes. That is the purpose of the exercise.

Mr McLaughlin:

We should record the fact that there has been a significant improvement across the board. Approximately 74% of various business areas have reached the green target. Previously, the Committee had some issues about the integrity of that process. We got a response that indicated that the point was accepted, and that is all to the good.

Given the time pressures that we are under, I will concentrate on the 12% of business areas that have been flagged as red. Business plan targets R4.3.1 and R4.3.2, concerning the industrial pay awards, have been missed by a significant margin. The update in the briefing paper states that a pay award for industrial staff has been agreed. When was that achieved? Can you give us

a definite date by which that award will be genuinely implemented?

Mr Baker:

The industrial pay award was paid on 25 May and included backdating to the effective date of August 2009. The non-industrial pay award has been agreed with the trade unions. They rejected the first offer but accepted the second offer on, I believe, 26 May. We are now working to implement that, but it was too late for the June pay run, because of the need for a six-week lead time. The non-industrial pay award that was agreed with NIPSA was quite complicated, and we are trying to implement it in two parts — probably in July and August. You are absolutely right; those pay awards are very late, and the targets have been missed. That is a classic example of the issues on which we spent all our time and resources and which are not featured in the business plan.

As the Committee will be aware, the single biggest pay issue that we dealt with over the past year was the equal pay settlement with NIPSA. The negotiations on that settlement were intensive, particularly in the second half of 2009. There was no spare capacity on NIPSA's side to do those pay runs either. The most practical consideration was that the equal pay issue had to be resolved before we could negotiate the pay awards. As we inched towards a settlement with NIPSA, it became apparent that the equal pay settlement would involve revising the pay scales, effective from February 2009. We had to do that before we could calculate the shape and nature of the pay award; and that is why they were sequenced in that way. That is also why we put the new equal pay scales in place in March this year in advance of implementing the industrial pay award and the non-industrial pay award.

Mr McLaughlin:

Are we now at the implementation stage of the pay awards for non-industrial staff?

Mr Baker:

Yes.

Mr McLaughlin:

The industrial staff pay award has already been implemented. That is good progress.

Target C1.1 relates to the customer satisfaction rating. I acknowledge the progress that was

made. The target was not missed by a disastrous amount. Is the target of 75% challenging enough? Will you update us on that, please?

Mr Orr:

Yes. The survey is carried out once a year and the last outcome was 73%, which was 2% below our target. However, that was a 5% increase on the previous year. As a result, we have decided to introduce the DFP improvement plan that I mentioned in that we will be working with our customers and others directly to try to improve that even further.

Mr McLaughlin:

Is there a revised target?

Mr Orr:

No; the target is to go through that process with our customers, and to compare our service using the European Foundation for Quality Management (EFQM) framework, which as you know, has a big customer quadrant within it. We feel that taking this holistic approach will help us to work better and provide better service to our customers.

Mr McLaughlin:

Does the DFP plan give you the opportunity to revise the target upwards? Will you settle for a target of 75%, even though it is an improvement on previous years?

Mr Orr:

Our focus in this financial year is to work directly with our customers to make improvements and to involve them in the improvement process. We have not set a target.

Mr McLaughlin:

So, you are settling for 75%?

Mr Orr:

We want to see a significant improvement.

Mr Hamilton:

The achievement of a single telephone number system has been flagged as amber. Why is that

the case and what is the new rollout timetable? We heard previously that there was to be a gateway review of the whole system. Is that needed, and what will its findings be? It has reminded me of an issue that I will relay to you privately.

Mr Orr:

Yes, that is fine.

Mr Hamilton:

If the review has been completed, what are the major issues coming from it?

Mr Orr:

The target in the PSA agreement was to introduce some pilot work using the single telephone number, which we did with Land and Property Services, the Planning Service, the General Register Office and DARD. That work has been underway for about two years, and we are seeing some success.

If one looks at Land and Property Services' busiest time of the year, which is just after the rates bills go out in April; we found that, working with LPS, by using NI Direct and the scripts, we were able to handle 55,000 calls about rates during that month. The average waiting time was three seconds, and there were virtually no complaints. That is very pleasing, given the high level of complaints that there were two years ago.

That is what we have been doing to lay the foundation for the work. The target was to introduce the 101 number on a phased basis from October 2009, but our preliminary work showed that it is actually very difficult to introduce it on a phased basis because either there is a single number for access to all Government services or there is not. It is hard to say we are introducing service A this month and service B next month. Our plan is to introduce that single service by the end of 2010, and the offer that we will be aiming to give the public is that, if they need to contact Northern Ireland government services, first of all there is the website, which is available 24/7, where all the information that they need is grouped by themes of interest to the public, rather than the way government tends to organise itself into Departments. If they cannot find what they want or do what they want on the website, they should ring 101 and we will try to help them.

When they ring 101, the operators — we will call them customer-service agents — will be able to give out the information that is on the website. We know what the frequently asked questions are from the public; they will be able to deal with those. They will also be able to issue forms and to deal with simple fault reports, such as street-lighting outages or potholes. If it is a more complicated item that the customer-service agent cannot deal with, we will put them through to the right office or the right person using a better directory. We want to avoid bouncing people around the system, which is, quite rightly, one of the causes of complaint. If that person is not available, or there is no one to take the call, we want to put in a little workflow system so that the member of the public gets a call back.

That is our vision of what we want to roll out at the end of 2010. I suggest that the Committee come and see one of our contact centres, either in Belfast or in Orchard House in Derry. They are now accredited by the Contact Centre Association. If the Committee comes along, we could give members a further briefing on that, perhaps after the recess.

The Chairperson:

We could hold one of our meetings there.

Mr Orr;

We will liaise with you.

Mr Hamilton:

We do not get out much.

The Chairperson:

Thank you very much for coming along. If there are any other issues we will write to you.