

14 March 2019

FC ENGLAND CORPORATE SERVICES ESTABLISHMENT PROGRAMME (CSEP) AND FOREST RESEARCH TRANSITION PROGRAMME (FRTP) UPDATE

1. Purpose

To provide the Commissioners with a full analysis of the costs of (i) transition from shared corporate services and (ii) maintaining FC England (FCE) and FR only corporate services going forward, as requested at the June 2018 meeting.

2. Background/Introduction

Although FCE and FR are running two quite separate transition programmes for establishing new corporate service arrangements, it is thought convenient to package them together into one update particularly as they fall within the same overall budgeting envelope.

3. Progress Update

FCE CSEP

As reported in September 2018 there are two main work streams within the FC England Corporate Services Establishment Programme (CSEP):

- the introduction of new corporate service arrangements by Forest Enterprise England (FEE) for IT, HR and Finance; and,
- the development of new Bespoke Business Applications for Forest Services (FS) such as for GLOS (legacy grants).

The new HR and Finance services were introduced successfully in April 2018, have bedded in and are operating well.

Following completion of the Managed Desktop migration in December 2018, the remaining work to complete the IT transition through the establishment of the FEE Wide Area Network and telephony services will be completed by the end of March.

CSEP and FR TP Update

The introduction of FS business applications work was delayed through the need to resolve Public Services Network (PSN) issues relating to GLOS data feeds with the Rural Payments Agency (RPA) and Natural England (NE). An interim solution has been introduced with a longer term solution being discussed with Defra Digital Technical Services.

Plant Health and Corporate Governance functions were successfully transferred to FCE in April 2018.

The new FEE arrangements are also serving FS and the FCE Director's Office (DO), although the longer term aim is for FS to obtain their services from Core Defra but only when the timing is right for the business and the switch provides value for money.

FR

FR's corporate services transition programme is progressing well, with the new Enterprise Resource Planning system expected to be operational from April 2019 and the migration to new desktops complete by the end of April 2019.

4. Transition Costs

Transition costs associated with both programmes of work are set out in [Annex A](#).

For CSEP the £318k positive variance against budget has been generated mainly from costs for IT consultancy and systems implementation being lower than anticipated.

For FR the overall transition cost outturn is expected to be delivered within the allocated budget. The remaining unutilised element of FR's transition budget is required to finalise the transition programme in March and April 2019.

5. Recurrent Costs

The anticipated recurrent costs for maintaining the new corporate service arrangements going forward are illustrated in [Annex B](#).

For CSEP the expectation is that the costs will be broadly similar at £8.2m to those provided under the previous arrangements, despite the loss of economies of scale, and with the benefit of more up to date systems which should provide efficiencies in working practices such through improved knowledge and information management and the use of business Skype.

CSEP and FR TP Update

The projected corporate services recurrent costs from 2019/20 for FR are in the order of £2.5m, which represents an increase of £0.9m from the 2016/17 baseline costs prior to transition. The increase is mainly due to increased IT costs, following extensive market testing and rigorous procurement exercises to ensure value for money in the current market. FR previously benefited from the IT Shared Services economies of scale under the former model and is currently exploring cost reduction measures across the Agency to mitigate the additional recurrent cost base.

6. Recommendations

The Board of Commissioners are invited to review and discuss the CSEP and FRTP update at its meeting on the 14th March 2019.

Steve Meeks

FCE Finance Director/Chief of Staff
March 2019