



emPSN Services Limited

5 YEAR BUSINESS PLAN 2016-2021

**APPROVED by
emPSN SCo Board of Directors
23rd May 2016**

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BUSINESS PLAN – 2016 for 5 Years

EXECUTIVE SUMMARY

This is the Business Plan for emPSN Services Limited (emPSN SCo) for the 5 years commencing 2016-2017 through to 2020-2021.

The Business Plan has been developed to deliver a number of strategic objectives:

- emPSN will act on behalf of its members and the public good
- emPSN will secure a regional network of networks and application services (PSN and NEN) in support of the public sector delivery of services to their people and communities.
- emPSN will develop the benefits of membership such that its members receive and recognise these benefits, realising opportunities to collaborate in achieving the delivery of their business objectives, driving down costs on a year on year basis.
- Members and customers are at the heart of the business and as such emPSN will develop the customer relationship to ensure the appropriate engagement and account management for this to be realised.
- emPSN will carry out effective marketing and communications using a range of media to promote the benefits of membership and the range of products and services within its 'catalogue'.
- emPSN will develop products and services to cater for a wider range of business sectors, principally public sector customers
- emPSN will provide assurance of the products and services available through the regional 'catalogue' and ensure that such products and services are compliant with the appropriate standards, and the suitability of combinations of products and services to deliver member/customer's needs.
- emPSN will work with the framework suppliers and the wider marketplace to remove the barriers to collaboration and realisation of shared services locally and nationally
- emPSN will evolve its governance arrangements to meet the needs of its engagement and collaboration with a widening range of members and customers.
- emPSN will use market and business intelligence to develop the wider marketplace, including gaining an understanding of and engagement with the marketplace, providing procurement opportunities, and benchmarking the company's activities to evidence value for money.
- emPSN will secure revenue and growth to provide the basis for sustainable self-funding operation.
- emPSN SCo will through a mutual agreement with emPSN ICo deliver business objectives that strive to improve the availability of the broadband and services infrastructure across the region for the benefit of the wider public good, and that the underlying infrastructure is protected and the maximum use of its capacity is promoted.

The purpose of this Business Plan is to provide the basis for the strategic direction and management of emPSN SCo for the next 5 years, recognising that emPSN SCo will provide the operating requirements of emPSN ICo.

The Business Plan will be approved by 100% of the Board of Directors. The Business Plan will be implemented through the Board of Directors and the Managing Director.

1. COMPANY OBJECTIVES

1.1 The Purpose of the Company

The principal business of the Company is to act on behalf of its members, and as agent for emPSN ICo, in securing the provision of a regional network of networks and the use of such networks, for the provision of services to public sector providers, in particular the Members. The Members will have a decisive influence over the strategic objectives and significant decisions of the Company as a 'not for profit' Company Limited by Guarantee, wholly owned by its members for the public good. The members and customers of emPSN are recognised as being at the heart of the company; the company is committed to developing this relationship such that it delivers recognisable and mutual benefits that add true value to the members.

emPSN SCo will secure the availability of a wide range of products and services to its members and customers that support the delivery of their own business aims and objectives. The company will develop new members and customers in both existing and new market sectors, positioning itself across the wider marketplace as a market leader in provision of enabling services, leveraging aggregation and securing collaboration to lower costs. emPSN will facilitate the development and availability of a range of quality ICT services available to users of emPSN principally across the East Midlands, providing further collaborative opportunities and procurements to meet the needs of current and future members.

Through a mutual inter-company agreement emPSN SCo will, in providing the operation arm for emPSN ICo, support the development of the public good benefits of the regional network of networks, securing the development and protection of an effective regional marketplace for broadband infrastructure and public sector services, and removing the barriers to the timely adoption of shared services and reducing their costs of implementation.

emPSN will strive to secure enhanced benefits for its members, including Corporate Public Bodies (Tier 1 and 2 Local Authorities, Health, Fire, Police etc.), schools, and tertiary and community sectors. It will seek to establish a regional PSN collaboration that brings together public sector organisations in the East Midlands to secure a common understanding, and where appropriate, regional response to PSN as it is rolled out across central government departments, and adopted by regional, local government and other agencies. It will collaborate with other regional PSNs and RBCs in securing enhanced local benefits.

1.2 Business Drivers

In defining the Business Plan a number of drivers have been identified that will influence the way in which emPSN positions itself to deliver its strategic objectives and those of emPSN ICo. These drivers include:

- Acting on behalf of its members
- Driving down costs year on year for all emPSN customers to maintain ongoing competitive service pricing through aggregation, optimisation of network and infrastructure services, economy of scale, and collaborative working.
- Securing the delivery of member and customer specific service levels
- Securing regional coverage of a high capacity and quality broadband infrastructure, realising a network of networks and services, delivered compliant to local, regional and national sector business standards.
- Developing new products and services to meet the changing needs of both existing and new/potential members and customers
- Responding rapidly to changing opportunities across the public sector, regionally and nationally, focussing on LAs and schools in the region, leveraging changes in technology and the marketplace for the mutual benefit of members and customers
- Ensuring appropriate customer relationship processes are in place, securing stakeholder engagement, developing collaborative working, and establishing the mechanisms for managing SLA compliance.
- Enabling and facilitating shared services and wider partnership working
- Providing a cost effective mechanism for enabling members, working together (where they wish to do so), to engage with regional and national agendas through the establishment of a collective voice
- Adopting a marketing plan and strategy for attracting customers across a range of differing markets, and gathering business intelligence to better understand these markets
- Securing sufficient revenue for the company activities to be self-funding.
- Securing the embc brand as the NEN in the EM region, connecting people to learning, realising a collaborative community of schools

1.3 Key Success Factors

In order to measure the success of the business in delivering its strategic objectives, a number of key success factors have been identified that will evidence the successful achievement of those objectives on behalf of both emPSN SCo and emPSN ICo.

It is recognised that there are two primary workstreams to the future activity of emPSN SCo. The **first** will be focused on activity that is related to securing existing revenue and improving the value of services delivered to existing members/customers. The **second** workstream will be focused on the creation of new revenue and will include the provision of new products and services to existing members/customers, and the provision of services to new customers across the wider public sector. Although recognised separately there will undoubtedly be activity which will drive success across both workstreams, therefore similar activity may be shown in more than one workstream.

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Workstream 1: Securing existing revenue

- Achieve quarterly sales and revenue targets to secure target year end outturn in the business plan.
- Delivery of a range of products and services that continue to provide value for money and cost savings.
- Continued achievement of cost savings through aggregation and collaborative working.
- Continued delivery of a robust and reliable service to members and customers, exceeding contract performance targets resulting in increased value and confidence for all users
- Continued provision of flexibility and choice to members and customers offering increased value for money

Workstream 2: Creating new revenue

- Achieve quarterly sales and revenue targets to secure target year end outturn in the business plan.
- Delivery of a range of products and services that continue to provide value for money and cost savings.
- Targeted marketing and communications campaign success in attracting back lost customers and securing further upselling of products and services.
- Successful engagement with the wider public sector
- Continued development of new products and services
- Identification of new opportunities across the region where the provision of services provides improvement and enhancement of the public good.
- Maximisation of the use of the infrastructure capacity in supporting a fully regional public service network.

The company will produce an annual activity plan for approval by the Board of Directors that will detail the series of events and activities that are required during that year in order to deliver these successes.

2. VISION

2.1 Vision Statement

“Connecting people and communities through high quality infrastructure and services”

The Company achieves its objectives, in short hand, by acting on behalf of its members’ as a broker, regulator and manager for the Public Sector. Through its actions emPSN supports the public sector in meeting its organisational aims and obligations. emPSN offers access to a wide range of products and services for connectivity (access) and application services, and the opportunity to collaborate and deliver joined-up and seamless services. emPSN supports the public sector to improve outcomes for citizens and communities across the region.

2.2 Core values

In delivering the strategic objectives and ultimately the Business Plan, the Company operates with core values which it will promote and use in establishing its position in the marketplace and in supporting and underpinning the company vision. The core values already form the cornerstone of the company's business model but it is recognised that in securing the existing revenue and in seeking to secure increased revenue that these core values are promoted to the widest audience.

The company core values that have been identified are:

- Owned and valued by members, acting on their behalf
- Focused on customer service, and the member at the heart of its operation
- Secures regional collaboration and aggregation, and contributes to national / regional voice.
- Provider of safe, reliable and secure service options.
- Increasing value for money and driving cost savings for members.

3. FINANCE AND REVENUE

3.1 Financial Situation and Need

The Company will need to secure revenue to support its operations. The principal focus of operations is the existing members and customers and the products and services they consume. The Company will also need to ensure security of revenue, secure new members and customers across a wider marketplace, and potentially cater for differing needs and requirements in terms of products and services to support these new market places. The Company secures its operating revenue from four different sources:

- A revenue (agency) fee paid by service providers based on the sales to members and customers, including access and application services.
- Revenue from the sale of services through 'embc Direct and emPSN Direct' branded activity.
- Revenue from the Investment Fund created with Kcom to secure investment in the network infrastructure and the delivery of services by emPSN SCo to its members and customers.
- Income from the undertaking of individual and discrete projects and associated services.
- Income from ICo for undertaking tasks as defined in the Intercompany Agreement and ICo Members.

It is recognised that emPSN will need to attract increased revenue in order to sustain both the continued operation and support of the current business, and the growth into new sectors and marketplaces. The Annual Plan includes activity specifically targeted at achieving this increase or recognising new revenue opportunities that can be exploited to secure additional revenue.

3.2 Financial Statement

The financial statement showing forecast expenditure and income is shown in Appendix A.

4. KEY MILESTONES

4.1 Milestones

There will be a continuous review throughout the next 5 years to identify significant milestones within the annual activity plan and at the higher company level in enabling the delivery of the strategic objectives or key success factors. These will be used to ensure appropriate focus is maintained in their delivery and in the delivery of the 5-year Business Plan.

4.2 Key Milestones and Programme of work

A number of initial milestones have been set for the next 3 years to achieve or review the key success factors outlined in Section 1.3. These are set out below:

Quarterly (Apr/Jul/Oct/Jan)	<p>Report on quarterly financial monitoring information including income, Profit & Loss, Budget analysis and forecasting, variance analysis, and cash flow.</p> <p>Report on the review of the financial assumptions that have been used in creating financial forecasts, together with updated forecast company financial position to the end of the plan period</p> <p>Report on changes to the volumes and types of business, including leads as well as sales, assessing the effect of marketing and communications campaigns in retaining existing business/members and attracting new revenue/members</p> <p>To propose a revised financial plan, updated for actuals in each preceding quarter.</p> <p>Report on catalogue for increased coverage from framework and non-framework SPs.</p>
Quarterly (Jun/ Sep/Dec/ Mar)	Report on changes to the infrastructure in terms of capacity and reach and contract performance targets
Feb	Approval of the revised 5 Year Plan and Annual Plan for recommendation to Members for approval.

Strictly Confidential-Not for wider circulation							
2015/2016-2020/2021 Business Plan 80% retention model						emPSN	11/04/2016
emPSN							
SERVICES Ltd	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	Actual	Forecast £000					
TRADING INCOME							
ICO/SCO Admin Fees- Inter Company		25	25	25	25	25	25
Agency Fees		350	330	337	334	321	330
Savings fees from KCOM		141	39	0	20	20	25
CNC fees - Operating Income		55	75	75	85	130	160
Projec management Income		40	50	20	40	40	40
Other income		0	0	124	0	0	0
Interest Received Incl pension fund interest		25	20	15	15	10	10
Total Trading Income	797	636	539	596	519	546	590
Trading expenditure							
Current Staffing costs-See overhead analysis.		450	436	441	425	430	436
Overhead costs- See overhead analysis.		155	160	160	165	170	180
Provision for Decommissioning Costs		0	230	0	25	0	0
Provision for Assisting change costs		0	75	0	0	0	0
Depreciation		0	0	0	0	0	0
Total Expenditure	674	605	901	601	615	600	616
Profit/(Loss) in year	123	31	-362	-5	-96	-54	-26
EBITDA		31	-362	-5	-96	-54	-26
Company Reserves							
Reserves C/FWD	440	471	109	104	45	-6	-32
CASH	477	508	146	141	45	-9	-35
CASH needed for Redundancies and Pensions	287	287	287	287	287	287	287