

East Midlands Shared Services

Strategic Business Plan 2012 to 2015

Contents

1. Introduction.....	1
2. Context	1
3. Our Strategic Vision:.....	2
4. Our Service & Product Portfolio	3
5. Partners and Customers	3
6. Where we will do business.....	5
7. How we will compete (Our Unique Selling Point – USP).....	5
8. Delivering the Vision:.....	6
9. Strategic Priorities	8
10. Appendices:	11

1. Introduction

- 1.1. This Business Plan sets out the vision and strategic objectives for the East Midlands Shared Services (EMSS) for 2012 to 2015. It focuses on three strategic phases:

Phase 1 – Short term:
July 2012 to March 2013. This is the period in which EMSS is **established** as an entity delivering shared services for LCC & NCC.

Phase 2 – Medium Term:
April 2013 to March 2014. This is a period of **stabilisation** and will include preparations for growth.

Phase 3 – Long term:
April 2014 onwards. This is the period in which EMSS will be aggressively pursuing opportunities for future **growth**

- 1.2. This initial Business Plan is, in essence, a framework for the future strategic development of EMSS. It is therefore envisaged that the focus, format and content of the Business Plan will evolve as the business moves through the three phases.

2. Context

- 2.1 Nottingham City Council and Leicestershire County Council formed a partnership in 2010 to deliver HR, payroll and finance transactional shared services. Supported by state of the art technology, the shared service offers a sustainable solution to deliver

more efficient, cost effective services and a technical platform from which new ways of working can continually be developed and delivered. EMSS brings a more customer centric way of working, it adopts a more efficient approach to delivering services and by sharing the knowledge and investment, the risk of failure to each council is minimised.

2.2 Founded in a major transformational programme, EMSS is enabling both councils to respond to the challenging financial and political landscape for local government, as well as the public's expectation to deliver services that are of high quality and value for money and will enable both councils being in a stronger position to protect front line services. EMSS will also support the delivery of the following three key 'enablers' for change and transformation :

- The establishment of a New Shared Services Organisation, which will deliver transactional HR, payroll and finance transactional services to both LCC and NCC. This aspect of the change will also see the launch of a Financial Service Centre of Excellence in Nottingham and a HR and Payroll Service Centre of Excellence in Leicestershire.
- Implementation of state of the art technology which includes an Oracle Enterprise Resource Planning (ERP) system. The technology will enable a self service way of working and support the Shared Service Centres in standardising their processes and in becoming more efficient.
- An evolution in new ways of working, which means managers and colleagues delivering services in a more efficient and effective way, supported by improved access to information to enable resource (people & finances) management.

3. Our Strategic Vision:

3.1 Our vision is for:

EMSS to be the best provider of quality, affordable and resilient support services in the public sector.

3.2 Our primary focus in achieving this vision will be on providing quality services in a cost effective way. Particularly over the short term our efforts - whilst recognising that there may be a dip in performance during the transition period to EMSS and the new IT systems - will focus on maintaining the quality of services in LCC & NCC during 2012/13 whilst delivering the agreed savings for the partners. As we move forward during 2013/14 we expect the emphasis on quality and cost to be balanced and then as we institutionalise the quality of our services, we will in the longer term, see a stronger emphasis on cost reduction and value for money.

3.3 During the short to medium term, we will be internally focussed on building a strong organisation and services. We will not be aggressively pursuing opportunities for

growth during this time - we will however, positively respond to any opportunities that may arise.

- 3.4 Over the longer term, as the organisation and the shared services becomes established we will shift our focus and actively look for external opportunities to re-coup some of the investment made by the two councils and to grow the business.
- 3.5 In addition we are keen to ensure that EMSS and its services are founded on a public service ethos. This will be achieved by
 - providing services to the public sector;
 - re-investing any surplus back into EMSS or into the two partners councils and their services; and
 - by maintaining an approach which, over the medium term, is to retain EMSS as a public sector organisation.

4. Our Service & Product Portfolio

Services:

- 4.1 The EMSS organisation will provide transactional support services. As EMSS is launched its service portfolio will be based on Human Resource Transactional services including payroll and Finance transactions.
- 4.2 In the short term, the two councils will identify which other services they may wish to include within EMSS. This will culminate in a business case for each potential service which will be presented during 2013/14.

Products:

- 4.3 As part of the development work in creating the ERP system and establishing EMSS, the two councils have delivered a series of products which will require further development and discussion in order to bring them to the market.
- 4.4 A full service & product list is shown at Appendix 1.
- 4.5 Appendix 1 also sets out the information which will need to be incorporated into a comprehensive service/product portfolio for EMSS.

5. Partners and Customers

Existing Partners:

- 5.1 The existing partnership is between Leicestershire County Council and Nottingham City Council. The Partnership is governed through a Joint Committee with Member representation from both councils. During the transition to go live, officer governance arrangements are through the EMSS Programme Board and supporting structures – these will need to be reviewed at the closure of the Programme.
- 5.2 Through the transition period and from go live, EMSS will require support from the existing partners and this will include:
- Both councils ensuring that all employees requests services from EMSS through the appropriate access channels this includes ensuring that managers and employees are using self service where possible.
 - Forward planning and communications with EMSS about any initiatives which will impact on workloads.

Other specific activities which both councils will need to contribute to have been identified and include the baselining of current performance levels and identification of current service issues and risks. This will enable the three parties – EMSS, LCC & NCC – to be clear about service issues at the point of go live and will facilitate future performance monitoring.

- 5.3 Both councils have also agreed to provide supporting services and resources to EMSS, for example ICT infrastructure, financial services and office accommodation. A full list of services is contained within the partnership agreement and will need to be reviewed prior to go live and on an annual basis.

New Partners:

- 5.4 Over the short to medium term, we will focus on maintaining and strengthening the partnership between LCC & NCC.
- 5.5 Over the longer term we will review the value of securing a third partner, with a view to exploring the potential to recover some of LCC's & NCC's initial investment costs. In doing so we will take account of the impact on service delivery for the existing partners. If however, during the short and medium term opportunities to expand the partnership arise then we will respond to these.
- 5.6 In addition we may secure a third strategic commercial partner to support the development and release of our products to the market.

Existing Customers:

- 5.7 We are keen to continue working with all of our existing customers including schools and academies. Over the short to medium term, we will review our arrangements with all existing customers with a view to clarifying whether
- we are meeting their expectations and to better understand what is important to them;
 - we can continue to provide high quality, affordable services to them which will continue to meet their expectations; and

- if so, on what financial basis (cost recovery only, surplus generating, loss making); and how we might improve those services.

New Customers:

- 5.8 EMSS is a public sector organisation that will provide services to other public sector bodies including the voluntary sector, social enterprises, mutuals, co-operatives and similar. Our principles in doing so will be to ensure it is cost-effective to provide these services – we do recognise however, that there may be times when this is not the case but, in support of our public service ethos, we agree to do so.

6. Where we will do business

- 6.1 We will not be constrained by geographical boundaries and will provide services beyond Leicestershire and Nottingham where it supports our strategy to do so.

7. How we will compete (Our Unique Selling Point – USP)

- 7.1 Our USP is based on the following principles:

- As a public sector organisation, **we understand** our public sector customers' business and have staff who are very knowledgeable about it
- A **public service ethos** – we are in the public sector to serve the public sector. We are not driven by a commercial profit and where we do generate surpluses these will be invested back in EMSS to improve service provision¹. Instead we are driven by the desire to provide high quality affordable services.
- **Resilience** – with two large councils as the strategic partners, EMSS is a resilient organisation. We have invested in resilient technology and we have a large pool of expert staff who provide continuity in our services.

- 7.2 In summary, as public sector organisation we can be relied on to provide quality, affordable and resilient support services to the public sector.

- 7.3 In understanding our USP we need to ensure that it reflects what our customers most value about our services. At present we have some information from some customers about this which can be summarised as follows:

- There is recognition that there are some high levels of knowledge from certain members of staff

¹ As EMSS is governed through a Joint Committee any surpluses generated must be re-invested back into the service. In doing so this should enable the partners to reduce their liabilities around future investment plans.

- Customer want named contacts (these have been implemented in some existing services)
- Improvements can be made in some areas of customer care; less reliance on manual systems to prevent loss of paperwork; having a single point of resolution; and in reducing error rates in some areas.

As well as responding to the improvements suggested from the feedback that has already been gathered, EMSS will also need to have more robust processes for gathering and using customer feedback across the whole business as to drive service delivery well as enable us to be clear that we are providing the services customers most value.

7.4 Our approach to seeking customer feedback and using it to drive the service we provide is an area that we will need to strengthen under EMSS.

8. Delivering the Vision:

8.1 We will capitalise on the investment that is being made in EMSS to realise this future vision. We will do this by:

- Really understanding the business;
- Determining what our key capabilities are and how we strength these;
- Understanding who are competitors are; and
- Ensuring the business is fit for purpose

Understanding the business and our capabilities

8.2 To enable us to understand the business we will focus on

- The performance of our services which will help us to track the **quality** of them
- Our financial performance so that we can track the **affordability** of our services

8.3 Our USP is based on EMSS understanding our customers' business, a public service ethos and providing resilient services. As such our key capabilities and how we strength them need to be founded in

- The performance of our **people** in meeting customer needs;
- Our current and future **investment** plans.

8.4 The following table summarises the current position and improvement areas for each of these.

Strategic Focus	Current performance	Improvement Areas
Quality - Service	Some elements of the services in scope	Have a consistent approach to measuring service quality across the

Strategic Focus	Current performance	Improvement Areas
performance	regularly carry out customer feedback exercises and respond to them. These show some areas of strength and identify areas for improvement.	whole of EMSS and using it to shape service improvements and support the delivery of our strategic objectives.
Affordability - Financial	NCC has data which compares the cost of its HR & Payroll service with that of some competitors. The results are mixed although the differences in charges are limited.	<p>At the point of go live for EMSS we will have baselined the cost of key transactions, where the information exists, to enable future performance to be tracked.</p> <p>Introducing activity based/unit costing will enable us to better understand where we are subsidising services to customers, where we are breaking even, or where we are generating a surplus. This will enable the partners to make informed decisions about the basis for charges in the future for different types of customers.</p>
Resilience – People	In preparation for EMSS, services in both councils have been filling vacant posts on a temporary basis which impacts on resilience. This impact will continue during the transition to go live and will increase as some employees leave the services.	<p>We are looking at ways to strengthen the resilience of our people during the transition to go live. This includes investing in training and additional resource.</p> <p>Once EMSS is stabilised we will then look at how we can strengthen our resilience further. This will be presented in the form of a People Strategy for EMSS which reflects our strategic objectives.</p>
Resilience – Investment	An investment plan for EMSS does not yet exist.	We will need to have a five year investment plan which identifies the areas for investment to enable EMSS to (a) maintain service levels/performance (b) meet the strategic objectives of EMSS and the needs of both partners. It will specifically cover ICT investment including Oracle, the hosting platform & other technology. Appendix 2 identifies some of the known areas which will require investment.

Understanding who are competitors are

- 8.5 The main competition for the services offered by EMSS is in the arena of providing HR & Payroll services to schools/academies. Our current information shows that there are a range of private sector providers who are offering services to schools and some schools/academies are also exploring ways to provide HR services for themselves. We may also face competition through the Community Right to Challenge initiative and as such we will need to regularly monitor this.
- 8.6 As only part of the EMSS business is currently actively exposed to competition we should not be complacent about the rest. We will therefore ensure that we regularly compare our performance with that of other providers to ensure that we are able to meet our strategic objectives.

Ensuring the business is fit for purpose

- 8.7 In ensuring that the business is fit for purpose we will regularly review
- The Joint Committee Governance Model – the first formal review will take place in the September 2013 ahead of our moving into the growth stage of the business.
 - The Target Operating Model - this will entail regular reviews of
 - a) The organisational structure to ensure that the roles, teams and services continue to deliver the strategic objectives
 - b) The way customers access our services to ensure they meet customer needs.
- 8.8 EMSS will also adopt a performance framework (see Appendix 3) which identifies targets in terms of service delivery and its performance as a business. This will be monitored through regular reporting to the Joint Committee, Senior Officers in both Councils and the EMSS Management Team.

9. Strategic Priorities

- 9.1 This section summarises the key issues identified throughout this Business Plan.

Phase 1 – Establishing. Short term: July 2012 to March 2013.

Strategic Issue	Strategic Priorities
Vision	<ol style="list-style-type: none">1. Focus on service quality2. Manage the anticipated dip in performance around the go live period3. Build a strong organisation and services4. Respond to new business opportunities as they arise
Service/Product Portfolio	<ol style="list-style-type: none">5. LCC & NCC to identify other services that might be included in EMSS6. LCC & NCC to review and confirm which other products will

	<p>be offered to the market and to undertake the necessary development to enable this.</p> <p>7. Develop a comprehensive service & product portfolio</p>
Partners & Customers	<p>8. Baseline current performance and service issues</p> <p>9. Confirm the officer governance arrangements which will be in place following the closure of the EMSS programme.</p> <p>10. Review the list of services LCC & NCC will provide to EMSS.</p> <p>11. Review arrangements with existing customers</p>
How we will compete / our USP	<p>12. Implement a robust approach to gathering customer feedback across the business.</p>
Understanding the business/our capabilities	<p><u>Quality</u></p> <p>13. Respond to known customer needs</p> <p>14. Implement a consistent approach to measuring service performance across the business</p> <p><u>Affordability</u></p> <p>15. Where possible, Baseline current costs for go live</p> <p>16. Introduce Activity Based Costing</p> <p><u>People</u></p> <p>17. Develop a People Strategy</p> <p><u>Investment</u></p> <p>18. Develop a five year investment plan</p>
Competition	<p>19. Identify all our competitors</p> <p>20. Confirm our approach to benchmarking</p>
Ensuring the business is fit for purpose	<p>21. Fully Implement the Target Operating Model</p> <p>22. Adopt a Performance Framework including regular reporting to Stakeholders</p>

Phase 2 – Stabilisation. Medium Term: April 2013 to March 2014.

Strategic Issue	Strategic Priorities
Vision	<p>1. Balance the focus on service quality with an equal focus on cost</p> <p>2. Continue to respond to new business opportunities as they arise</p> <p>3. LCC & NCC to develop business cases for those other services that might be included in EMSS</p> <p>4. Deliver 2013/14 savings - £1.61m</p>
Service/Product Portfolio	<p>5. Develop business cases for those services identified by NCC & LCC.</p> <p>6. Release, where appropriate, the other products to the market.</p> <p>7. Continue to develop a comprehensive service & product portfolio</p>
Partners & Customers	<p>8. Review the list and performance of services LCC & NCC provides to EMSS.</p> <p>9. Explore opportunities to secure a third strategic partner</p>
How we will compete / our	<p>10. Use customer feedback from across the business to identify service improvements and implement.</p>

Strategic Issue	Strategic Priorities
USP	
Understanding the business/our capabilities	<u>Quality</u> 11. Better understand the market (our strategy, market/customer segmentation etc) and develop a marketing strategy. <u>Affordability</u> 12. Use the Activity Based Costing to identify ways to reduce costs/improve our offer <u>People</u> 13. Implement the People Strategy <u>Investment</u> 14. Implement the five year investment plan
Competition	15. Continue to monitor the competition, learning from them where appropriate. 16. Annual benchmarking exercise
Ensuring the business is fit for purpose	17. Review the Governance arrangements 18. Review the Target Operating Model - organisational structure 19. Continue performance monitoring, adapting the framework as necessary.

Phase 3 – Growth. Long term: April 2014 onwards.

Strategic Issue	Strategic Priorities
Vision	1. Focus on cost reduction 2. Actively pursue external opportunities for growth (savings, customers, services) 3. Deliver 2014/15 savings - £2.04m 4. Confirm future financial targets.
Service/Product Portfolio	5. Implement the approved business cases for those services identified by NCC & LCC. 6. Review the service & product portfolio
Partners & Customers	7. Review the list and performance of services LCC & NCC provides to EMSS. 8. Explore, where appropriate, opportunities to secure a third strategic, commercial partner
How we will compete / our USP	9. Continue to use customer feedback from across the business to identify service improvements and implement.
Understanding the business/our capabilities	<u>Quality</u> 10. Implement the marketing strategy <u>Affordability</u> 11. Review Activity Based Costing approach <u>People</u> 12. Refresh the People Strategy <u>Investment</u> 13. Refresh the five year investment plan
Competition	14. Annual benchmarking exercise

Strategic Issue	Strategic Priorities
Ensuring the business is fit for purpose	15. Review the Target Operating Model (a) organisational structure (b) Customer Access. 16. Continue performance monitoring, adapting the framework as necessary.

10. Appendices:

- 1 Service & Product Portfolio
- 2 Investment Plan
- 3 Performance Framework

Liz Smith, Head of East Midlands Shared Services, 27/6/12