

EAST MIDLANDS SHARED SERVICES JOINT COMMITTEE
11 July 2012

Title of paper: East Midlands Shared Services – Financial Update

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Summary of issues (including benefits to citizens / service users:

In September 2010, Nottingham City Council (NCC) and Leicestershire County Council (LCC) approved an outline business case (OBC) (version 4.3) for shared transactional Finance and HR service centres supported by shared infrastructure and applications including shared Oracle ERP. The EMSS Programme Board subsequently considered and agreed a revised OBC v 5.6 and this was considered and approved by NCC's Executive Board on 21 June 2011; this also noted the overall financial position.

The meeting of EMSS Joint Committee on 12 March noted and approved an increase in the scope and cost of the programme and the reasons for this.

This report provides an update on the financial position of the programme and the position on the committed savings.

Recommendation(s):

East Midlands Shared Services Joint Committee are requested to;

- 1 Note the current financial position of the programme
- 2 Note the ongoing position on committed savings

1. BACKGROUND

- 1.1 In August / September 2010, both NCC and LCC agreed the establishment of a joint venture for a shared services entity (EMSS) for transactional Finance, Human Resources and Payroll. Agreement was also given to the

implementation of a new Enterprise Resource Management (ERP) system for NCC; using Oracle.

1.2 In March 2012 EMSS Joint Committee noted and approved an increase in the scope and cost of the programme and the reasons for this.

1.3 There are a number of financial controls employed within the programme, including:

- Individual project managers are held accountable for their element of the Programme costs, this includes NCC/LCC colleagues as well as colleagues from Deloitte who are responsible and accountable for the Systems and Processes Project deliverables and budget.
- Regular meetings are held between project managers and finance colleagues to discuss detailed information regarding actual and projected costs.
- Following these meetings, an up to date financial position including expenditure to date and projected costs to completion are reported to EMSS Programme Board.
- A Change Request process is in place to ensure that all decisions are approved and the financial implications then included in projections.
- Regular communication occurs between finance colleagues at NCC and LCC ensuring that invoicing for each other's share of the programme is robust and timely.

1.4 Progress on the implementation of the Programme was reported to EMSS Joint Committee in March 2012 and, since then, further progress has been made across the Programme as detailed in the Progress Update report (see separate report).

2. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

2.1 The revised programme budget (as reported to EMSS Joint Committee on 12 March) estimated the total cost at £11.044m.

Table 1 below shows the current projected position against this revised budget. Further details can be found in Appendix 1 which is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is not in the public interest to disclose this information because of the sensitive nature of the business affairs referred to in the appendix. For the avoidance of doubt, this exemption applies such that the appendix is exempt from publication by both Nottingham City Council and Leicestershire County Council.

TABLE 1: PROGRAMME EXPENDITURE			
	Refreshed Business Case £m	Current Projected Expenditure £m	Current Projected Variance
Programme Costs	10.794	10.801	0.007
Contingency	0.250	0.243	(0.007)
Total	11.044	11.044	0.000

2.2 It is anticipated that the shared service will deliver recurring annual savings, building up to £2.000m per annum once fully bedded in; split equally between the two councils. Both councils have included their share of the phased savings (£1.000m per annum each) in their respective Medium Term Financial Plan/ Strategy. Further these savings targets are reflected in the Strategic Business Plan (see the separate report) in the Strategic Priorities section (medium & long term) on pages 9 &10, and are a key performance indicator as described in the Performance Framework at Appendix 3 of the Business Plan report.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

- 6.1**
- The overall programme management of risks sits with the EMSS Programme Manager (Richard Moll) who has, as one of his responsibilities and accountabilities, maintenance and monitoring of the programme level risk register.
 - Each individual project has its own project level risk register. Each project manager has, as one of their responsibilities and accountabilities, maintenance and monitoring of project level risk registers. Additionally the maintenance and monitoring of project level risk registers is required to be fed into the overall programme management of risks. Each project manager is responsible and accountable for that communication stream.
 - The contents of this report have no direct legal implications nor do they materially change the substance of any current legal relations.
 - There are no Crime and Disorder Act implications considered to arise directly from this report.

7. EQUALITY IMPACT ASSESSMENTS (EIAs)

7.1 An EIA has been completed.

8. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 8.1**
- EMSS OBC, version 4.3
 - Revised EMSS OBC, version 5.6
 - Memorandum of Understanding between NCC and LCC
 - Executive Board report, EMSS June 2011
 - EMSS Joint Committee Report March 2012

9. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 9.1**
- Executive Board report, EMSS 21 September 2010
 - Executive Board report, EMSS July 2011 (Appendix exempt)
 - Portfolio Holder Decision 857, 2011
 - Portfolio Holder Decision 0054, 2012