

EAST MIDLANDS SHARED SERVICES JOINT COMMITTEE

9 JANUARY 2013

Title of paper:	East Midlands Shared Services – Progress Report	
Director(s)/ Corporate Director(s):	Brian Roberts – Director of Corporate Resources, Leicestershire county Council (LCC) Angela Probert – Acting Corporate Director of Resources and Deputy Chief Executive, Nottingham City Council (NCC)	Wards affected:
Report author(s) and contact details:	Liz Smith Head of EMSS liz.smith@eastmidlandssharedservices.org	
Other colleagues who have provided input:	Louise Grieg, NCC, Finance Business Partner - Resources and Chief Executive's	
Summary of issues (including benefits to citizens/service users):		
This report provides an update on the progress made in establishing East Midlands Shared Services (EMSS) and reviews the progress against the Strategic Priorities contained in the Business Plan.		
Recommendation(s):		
The East Midlands Shared Services Joint Committee are asked to:		
1	Note the progress made on establishing East Midlands Shared Services.	
2	Agree the draft Terms of Reference for the EMSS Operational Board.	
3	Receive the progress report on the Strategic Objectives contained within the EMSS Business Plan.	
4	To note the position on the savings and approve the 2013/14 outline budget for EMSS.	

1. BACKGROUND

- 1.1 In September 2010 Nottingham City Council (NCC) and Leicestershire County Council (LCC) approved an outline business case^{v4.3} to develop a programme of shared transactional services. This includes HR, Payroll and Finance services, supported by a single Oracle Enterprise Resource Planning (ERP) application. In July 2012 Members approved the first three year Strategic Business Plan for the EMSS.
- 1.2 This report provides an update on the progress made in establishing the EMSS and reviews the progress against the Strategic Priorities contained in the Business Plan. An update on the financial position (savings and outline budget) is also provided.

2. EAST MIDLANDS SHARED SERVICES - PROGRESS

- 2.1 The EMSS came into existence on 1 September 2012. At this time the relevant staff moved into their new EMSS posts and for some this included transferring under TUPE regulations, from the employment of NCC to LCC.
- 2.2 The Finance Service Centre (FSC) was also created in Loxley House on 1 September when some of the team members previously based in Leicestershire moved to Nottingham. The Finance Service Desk which deals with calls for LCC also relocated to Loxley House. Since 1 September the majority of the FSC has now relocated to Nottingham with just some residual activities – supported by a couple of staff who will either leave on voluntary redundancy or will move into the HR team in Leicestershire when the Oracle system goes live – remaining in Leicestershire.
- 2.3 On 1 September, some HR colleagues based in the Gatehouse in Nottingham also relocated to the Employee Service Centre (ESC) in Leicestershire. On 3 December the ESC Service Desk in Leicestershire started to receive HR enquiries from NCC colleagues (the payroll enquiries continue to be dealt with in the Gatehouse, as do all enquiries from schools).
- 2.4 The following table provides a summary of the total enquiries received by the EMSS Service from 3 through to 17 December for LCC & NCC.

	Total queries received	% resolved by EMSS Service Desk	% resolved by other EMSS teams	% passed to Strategic HR
NCC	395	71%	21%	8%
LCC	1445	66%	29%	5%
TOTALS	1840	67%	27%	6%

- 2.5 The EMSS Business Development Team also came into being on 1 September. This team consists of Systems Administration who provide support to EMSS and both councils. There are also currently two Business Development Advisors who are working across EMSS to support the implementation of more rigorous business management approaches.
- 2.6 Since 1 September EMSS has taken on responsibility for the delivery of day to day service delivery for finance, HR & Payroll. In the main, services continued to be delivered to existing service standards using the existing processes and technology whilst the build of the new Oracle system is completed. Throughout this period, colleagues from across the whole of EMSS have also been extensively involved in the EMSS programme contributing particularly to testing the new system. Whilst there have been challenges in implementing the new EMSS structure whilst maintaining service delivery and contributing to other demands such as the EMSS programme and the increasing academisation of schools in both areas, a lot has been achieved over the recent months which is a reflection of the ongoing hard work, commitment and diligence of everyone within EMSS and those who support it.
- 2.7 Appendix 1 summarises some of these achievements within EMSS since 1 September.
- 2.8 Section 6.7 of the EMSS Partnership agreement requires that the Joint Committee establishes an Operational Board, chaired by the Head of EMSS. Under the terms of

the agreement, the Joint Committee will determine “the powers and functions” of the Board. The first meeting of the Board has been scheduled to take place in January. Members are therefore, asked to comment on and approve the Draft Terms of Reference for the Board which are attached at Appendix 2. Appendix 3 shows, for information, the Membership of the Operational Board.

3. EMSS's STRATEGIC BUSINESS PLAN – PROGRESS

- 3.1 In July 2012 the Joint Committee approved the three year Strategic Business Plan for EMSS. This included the strategic objectives for the current financial year and an update against progress is shown in Appendix 4.
- 3.2 In approving the Business Plan, Members identified the following actions to be undertaken in support of the development of EMSS:
 - a) the main principles of a draft cultural identity for EMSS
 - b) as outlined in the strategic vision, a definition of being the ‘best’ provider of quality, affordable and resilient support services in the public sector through appropriate benchmarking within local government and the private sector;
 - c) the Unique Selling Point of EMSS defined in a clear, short, easily understood statement
- 3.3 Further work will be undertaken on these in the coming months, and particularly following the go live of the Oracle System, and a report will be brought back to a future meeting of the Committee.

4. FINANCIAL UPDATE

- 4.1 It is anticipated that the shared service will deliver recurring annual savings, building up to £2.0m per annum from year 3 of operation; split equally between the two councils. Both councils have included their share of the phased savings in their respective Medium Term Financial Plan/ Strategy. Of this £2.0m, approximately £1.660m is on track to be delivered and the strategy to deliver the remainder will be overseen by the Operational Board and reported to the Joint Committee.
- 4.2 The outline budget for EMSS for 2013/14 is shown in the Table overleaf. Work will continue between the Operational Board and EMSS/NCC/LCC colleagues to develop the budget and secure the remainder of the savings with progress and updates being reported to the Joint Committee.

Cost Heading	2013/14 Outline Budget £m	Total £m
Staffing		
Management	0.113	
ICT	0.289	
Business Development	0.450	
Employee Service Centre	2.251	
Finance Service Centre	1.208	
Total Staffing		4.311
Supplies and Services		
Oracle Technology Costs	1.364	
Other Supplies and Services	0.214	
Total Supplies and Services		1.578
External Income		
Schools/Academies	(1.234)	
Other Income	(1.481)	
Total External Income		(2.715)
TOTAL NET BUDGET		3.174

- 4.3 The staffing expenditure budget shown in the table above is the base budget relating to the EMSS structure, in addition there are temporary transitional resources in place and these are funded via the programme implementation budget.
- 4.4 The supplies and services budgets required for EMSS have been estimated based on current expenditure within LCC and NCC and will be reviewed periodically to ensure their robustness.
- 4.5 The income budgets for EMSS have been based on the income budgets held within NCC and LCC for the services that have transferred. Included in this figure is income from schools, as schools continue to convert to academy status this income is likely to decrease. Close monitoring of this position will be necessary to ensure appropriate mitigating actions can be taken.

5. RECOMMENDATIONS

- 5.1 Members are asked to
- Note the progress made on establishing East Midlands Shared Services.
 - Agree the draft Terms of Reference for the EMSS Operational Board.
 - Receive the progress report on the Strategic Objectives contained within the EMSS Business Plan.
 - To note the position on the savings and approve the outline budget for EMSS.

6. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

6.1 The Financial Implications are covered within section 4.

7. EQUALITY IMPACT ASSESSMENT

7.1 The Report has not been equality impact been assessed as it does not contain proposals or financial decisions.

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

8.1 None

9. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

9.1 None

APPENDIX 1

ACHIEVEMENTS UP TO 30/12/12

EMSS organisation

- The EMSS organisation was launched on 1 September with the implementation of the new structure which is based on 174 FTE.

Service Delivery

- EMSS now delivers HR Admin, Payroll and Finance transactional services to NCC & LCC using the existing ways of working and existing technology. We also continue to deliver to other existing customers such as NCH, schools and academies.
- Whilst we await delivery of the new Oracle system, the EMSS Structure is being supplemented with additional transitional staff.
- In the main services have continued to be delivered to the existing agreed levels/standards.
- All services have been an ongoing significant contribution to the EMSS Programme.

Business Planning

- A Three Year Business Strategy has been adopted and the priorities are being progressed.
- Initial staffing budget agreed and non Staffing budget under development
- Audit Plan for 2012-13 agreed with LCC/NCC/EMSS
- Agreed approach for preparing a Business Continuity Plan for EMSS.

People

- In terms of People Management we have:
 - Introduced a monthly EMSS managers forum
 - Launched a monthly Employee Forum in each location which is chaired by the Head of EMSS
 - Carried out an initial survey with staff
 - Instigated trial periods for those staff who have changed function to support their transition into their new roles.
 - Disturbance allowances have been paid to those who have changed location.
 - Instigated quarterly meetings with the unions.
 - Issued Personal timetables to staff
 - Paid all EMSS employees through LCC's payroll since September.

Employee Service Centre:

- Service Desk
 - Implemented the new call logger technology
 - Extensive Training of new service desk employees and other transition staff
 - Started to receive HR calls from NCC from 3 December 2012
- HR & Payroll
 - Successfully completed a pilot of the on-line CRB system for NCC and formally launched this with schools
 - Contributed to the mapping of NCC HR&P processes
 - Launched a new solution for dealing with Academy timesheets
 - Initiated a procurement exercise to secure a robust ICT based recruitment solution
 - Prepared for the Schools Open Day event on 5/12/12
 - Moved some tasks from the Gatehouse to Leicestershire and released two Leicestershire based colleagues to job shadow the payroll team in the Gatehouse.

Finance Service Centre:

- Service Desk
 - Implemented the new call logger technology
 - Extensive Training of new service desk employees and other transition staff
 - Relocated the LCC Service Desk to Loxley House
- Finance Teams
 - Relocated some activities to NCC in September & October, the final phase to be completed by the end of November.
 - NCC based colleagues have undertaken job shadowing & training in Leicestershire

Business Development:

- EMSS intranet developed and launched
- Built EMSS Structures in Oracle with all EMSS employees in.
- Reviewed the reporting needs of EMSS for the next six months and how to resource these.
- Commenced recruitment to the vacant Business Development Manager post.

Liz Smith, Head of East Midlands Shared Services.

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APPENDIX 2

EMSS OPERATIONAL BOARD – TERMS OF REFERENCE (DRAFT) JANUARY 2013

PURPOSE OF THE BOARD

- East Midlands Shared Services (EMSS) is a partnership between Leicestershire County Council (LCC) and Nottingham City Council (NCC) to provide shared transactional HR and Finance services to both organisations (and potentially other organisations in the future).
- The Partnership is governed by a Joint Committee comprising of Elected Members from both Councils.
- The Terms of the EMSS Partnership Agreement require the establishment of an Operational Board which reports to the Joint Committee.

TERMS OF REFERENCE

The Operational Board will

- Review progress against the Strategic Business Plan and Objectives on a quarterly basis.
- Monitor the performance monitoring of EMSS on a quarterly basis. This will include performance against the strategic framework defined in the EMSS business plan, and key operational performance as determined by the Board.
- Report back to the Joint Committee about EMSS's performance, make recommendations for improvements as necessary.

The Board will also

- Receive draft strategies which contribute to the EMSS Business Plan, before submission for approval to the Joint Committee.
- Receive the draft budget on an annual basis, before submission for approval to the Joint Committee.
- Receive the draft investment plan for EMSS before submission for approval to the Joint Committee.
- Review the strategic risks to EMSS on a quarterly basis, reporting as necessary to the Joint Committee.

FREQUENCY OF MEETINGS

The Operational Board will meet prior to the Joint Committee and on, at least a quarterly basis

Liz Smith, Head of East Midlands Shared Services.

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APPENDIX 3

OPERATIONAL BOARD MEMBERS		
	Head of EMSS Liz Smith(Chair)	
EMSS Management Team: FSC Manager – Chris Law ESC Manager – Emma Gibson BD Manager – (Vacant)	Client Role: LCC – Gordon McFarlane, Assistant Director, (People and Transformation) NCC–Angela Probert, Acting Director of Corporate Resources	Strategic Support: Finance – NCC, Louise Grieg, (Finance) HR – LCC, Lucy Littlefair, (HR) ICT –LCC, Liz Clark, Assistant Director (Information & Technology)
<p>SUPPORT ROLES</p> <p>Assurance: Internal Audit, NCC, Shail Shah Secretariat: Sue Rush, NCC/Fran Malyon LCC</p>		
<p>OTHERS ATTENDING ONLY WHEN REQUIRED (lead based on partnership agreement)</p> <p>Business Continuity – NCC, ICT operational – LCC, Communications – NCC, Legal – NCC, Procurement – NCC</p>		

APPENDIX 4

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

Strategic Issue	Strategic Priorities	Progress December 2012
Vision	1. Focus on service quality	Performance is reported on a monthly basis within EMSS. A review is underway to strengthen this approach during 2013.
	2. Manage the anticipated dip in performance around the go live period	SLA approach agreed i.e.3 phases 1. EMSS go live - delivering to existing service standards for NCC & LCC BAU from 1/9/12 to Oracle go live 2. Oracle go live- from go live date up to 3 months potential dip in performance anticipated. EMT to define this one month prior to go live. 3. EMSS business as usual - from 3 months after Oracle go live, new service standards in place.
	3 Build a strong organisation and services	a) Regular survey of EMSS Managers & Managers Forum in place b) Staff survey undertaken Oct 12 & Employee Forum and Team meetings in place. c) Quality assurance/controls being documented.
	4 Respond to new business opportunities as they arise	Discussions with L&R Probation Trust ongoing. Attended NCC Schools event in December – LCC event to take place in 2013.
Service/Product Portfolio	5 LCC & NCC to identify other services that might be included in EMSS	LCC & NCC need to pick up – is dependent on Oracle go live
	6 LCC & NCC to review and confirm which other products will be offered to the market and to undertake the necessary development to	Commercial partner – on hold

Strategic Issue	Strategic Priorities	Progress December 2012
	enable this.	
	7 Develop a comprehensive service & product portfolio	Business Development team to lead on from Jan 2013
Partners & Customers	8 Baseline current performance and service issues.	1. Initial baseline ESC & FSC LCC completed June 2012. 2. Monthly performance reports now available.
	9 Confirm the officer governance arrangements which will be in place following the closure of the EMSS programme.	Due Jan to March 2013 1. Awaiting Oracle go live date & hence closure of Programme (Board) 2. Operational Board to commence January 2013
	10 Review the list of services LCC & NCC will provide to EMSS.	Due by 31/3/13 1. Supplier review underway as part of acceptance criteria, ensuring SLAs in place
	11 Review arrangements with existing customers	To initiate 3-6 months after Oracle go live
How we will compete / our USP	12 Implement a robust approach to gathering customer feedback across the business.	Due Feb to Mar 2013 via Performance mgt f/work. 1. EMT to discuss Jan 2013
Understanding the business/our capabilities	Quality 13 Respond to known customer needs	1. Responding to known issues as they arise. 2. Account managers allocated 3. Targets incorporated into Service Centre Managers' Appraisals 4. Customer care training for all EMSS staff held
	14 Implement a consistent approach to measuring service performance across the business	Via performance framework - Feb to Mar 2013
	Affordability 15 Where possible, Baseline current costs for go live	Due Jan to Mar 2013. Initial consideration underway – may need to delay to post Oracle go live.
	16 Introduce Activity Based Costing	Mar 2013 – may be delayed due to Oracle go live
	People 17 Develop a People Strategy	Due Jan to March 2013. Working with LCC Strategic HR in January to progress.
	Investment 18 Develop a five year investment plan	Due Feb – March 2013. Will pursue via Operational Board
Competition	19 Identify all our competitors	Commence March 2013 Data gathering Ongoing
	20 Confirm our approach to benchmarking	Feb to Mar 2013 via performance framework
Ensuring the business	21 Fully Implement the Target Operating Model	By 31/3/13 – 100% implementation is subject to Oracle go live

Strategic Issue	Strategic Priorities	Progress December 2012
is fit for purpose		1. EMSS structure in place + supplemented by transition staff 2. Approx. 85% Transition staff to end at Oracle go live + 6 months 3. Self serve implemented – Oracle go live
	22 Adopt a Performance Framework including regular reporting to Stakeholders	Performance f/work due by March 2013 Regular Reports to Cttee on Business Plan progress from Jan 2013

