Leicestershire County Council

Nottingham City Council

EastMidlandsSharedServices

## EAST MIDLANDS SHARED SERVICES JOINT COMMITTEE

**Date:** Wednesday 19 June 2013

**Time:** 10.00 am

**Place:** LB31 Third Floor Loxley House, Station Street,
Nottingham, NG2 3NG

Members are requested to attend the above meeting on the date and at the time and place stated to transact the following business.

Carole Mills
Deputy Chief Executive & Corporate
Director for Resources
Nottingham City Council

Brian Roberts
Director of Corporate Resources
Leicestershire County Council

**Constitutional Services Officer: Carol Jackson Direct dial – (0115) 87 64297**

## A G E N D A

1    APPONTMENT OF CHAIRMAN

2    APPOINTMENT OF VICE CHAIRMAN

3    APOLOGIES FOR ABSENCE

4    DECLARATIONS OF INTERESTS
   Councillors, colleagues or other participants in meetings are requested
   to declare any personal or personal and prejudicial interest in any
   matter(s) on the agenda

5    MINUTES             Attached
   Last meeting held on 25 March 2013 (for confirmation)

6    EAST MIDLANDS SHARED SERVICE PROGRAMME STATUS    Attached
   REPORT
   Presentation - Liz Sexton - Programme Manager

7    FUTURE GOVERNANCE ARRANGEMENTS        Attached
   Presentation - Liz Sexton - Programme Manager.

8    **EAST MIDLANDS SHARED SERVICES ANNUAL REPORT**      Attached
     Joint Report of Deputy Chief Executive and Corporate Director for
     Resources, NCC and Director of Corporate Resources, LCC


   (a) **APPENDIX 1 - EAST MIDLANDS SHARED SERVICES ANNUAL**      Attached
       **REPORT 2012-2013**


9    **DATES OF FUTURE MEETINGS**
     To consider meeting at the following dates and times in 2013/14:
       2 September 2013 (2.30 pm)
       16 December 2013 (12.00 noon)
       17 March 2014 (10.00 am)


10   **TO CONSIDER EXCLUDING THE PUBLIC FROM THE MEETING**
     **DURING CONSIDERATION OF THE REMAINING ITEM(S) IN**
     **ACCORDANCE WITH SECTION 100A(4) OF THE LOCAL**
     **GOVERNMENT ACT 1972 ON THE BASIS THAT, HAVING**
     **REGARD TO ALL THE CIRCUMSTANCES, THE PUBLIC**
     **INTEREST IN MAINTAINING THE EXEMPTION OUTWEIGHS THE**
     **PUBLIC INTEREST IN DISCLOSING THE INFORMATION**


11   **EAST MIDLANDS SHARED SERVICES – FINANCIAL UPDATE**      Attached
     Joint Report of Deputy Chief Executive and Corporate Director for
     Resources, NCC and Director of Corporate Resources, LCC


     **IF YOU ARE UNSURE WHETHER OR NOT YOU SHOULD**
     **DECLARE AN INTEREST IN A PARTICULAR MATTER, PLEASE**
     **CONTACT THE CONSTITUTIONAL SERVICES OFFICER SHOWN**
     **ON THIS AGENDA, IF POSSIBLE BEFORE THE DAY OF THE**
     **MEETING, WHO WILL PROVIDE ADVICE IN THE FIRST**
     **INSTANCE.**


     **CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT**
     **LEAST FIFTEEN MINUTES BEFORE THE START OF THE**
     **MEETING TO BE ISSUED WITH VISITOR BADGES**


Agenda, reports and minutes for all public meetings can be viewed online at:-
http://open.nottinghamcity.gov.uk/comm/default.asp

Leicestershire County Council

Nottingham City Council

EastMidlandsSharedServices

## EAST MIDLANDS SHARED SERVICES JOINT COMMITTEE

**M I N U T E S**

of meeting held on **25 MARCH 2013** at Loxley House, Station Street, Nottingham from 2.00 pm to 2.50 pm

## Membership

### Leicestershire County Council
✓    Councillor B Rhodes      (Vice-Chairman)
✓    Councillor B Pain

### Nottingham City Council
✓    Councillor G Chapman      (Chairman)    (minutes 26 to 29)
✓    Councillor A Clark

✓    indicates present at meeting

**Also in attendance:**

### Leicestershire County Council
Mr B Roberts      -   Director of Corporate Resources
Mrs J Spence      -   Head of Corporate Finance

### Nottingham City Council
Mr J Abbott      -   Head of Corporate and Strategic Finance
Ms C Mills      -   Deputy Chief Executive/Corporate Director for Resources
Ms A Probert      -   Director Human Resources and Transformation
Miss L Wilson      -   Constitutional Services Officer

### East Midlands Shared Services
Ms E Smith      -   Head of East Midlands Shared Services
Mrs L Sexton      -   East Midlands Shared Services Programme Manager

**ACTION**

## 22   CHAIR

In the absence of Councillor Chapman, Councillor Rhodes took the chair for the meeting.

## 23  APOLOGY FOR ABSENCE

An apology for lateness was received from Councillor Chapman (on other Council business).

## 24  DECLARATIONS OF INTERESTS

No declarations of interests were made.

## 25  MINUTES

**RESOLVED that the minutes of the meeting held on 9 January 2013, copies of which had been circulated, be confirmed and signed by the Chairman presiding at the meeting.**

## 26  EAST MIDLANDS SHARED SERVICES (EMSS) - PROGRAMME UPDATE

Liz Sexton, Programme Manager, Leicestershire County Council, presented the Joint Committee with the following updates on the EMSS Programme:

- the achievements since the last meeting included:
  - electronic learning had been released and presentations for new processes had been delivered at Leicestershire County Council;
  - project training had been completed at Nottingham City Council;
  - communications had been released to colleagues outlining the benefits/changes EMSS brought via a number of means (e.g. email, face to face, etc);
  - end to end testing had been completed for HR, Payroll, Finance and Projects, and a 'dress rehearsal' for the technical build had been completed;
  - the Oracle technical infrastructure had been upgraded at Nottingham City Council;
  - year end legislative code had been applied for HR;
  - the cutover to the new production system had commenced;

- the Programme Status was predominantly Green and some of the areas outstanding related to reports and non business critical products. A pragmatic decision had been made in some areas to ensure the delivery of Oracle on 2 April and outstanding items would be delivered post 'Go Live'. A concessions management plan was in place to ensure continued improvements after 'Go Live'. On 21 March the Programme Board approved to close down the Leicestershire County Council production environment and commence the final phase of Oracle configuration and data migration;

- cutover activity included:
  - systems down – 22 March;
  - customisation and configuration – 23-27 March;
  - migration of data completed – 29 March;
  - testing of data completed – 31 March;
  - set of reporting completed – 30 March;
  - user assurance testing – 29 March-1 April;

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- o    post cutover activities – 1 April;
- o    'Go Live' approval – afternoon of 1 April;
- o    'Go Live' – 2 April

- business continuity and contingency planning, covering business and operational systems, was in place should a significant issue arise and the decision not to 'Go Live' was taken, or if there was a need to delay beyond 2 April. There was a change freeze on systems and processes in place to ensure a stable position for cutover, and the final decision on Oracle cutover and governance in relation to 'Go Live' would be taken by the Programme Board on 1 April;

- the EMSS Oracle 'Go Live' planning included:
  - o    an overview plan and detailed plans;
  - o    services being prioritised;
  - o    resource planning including detailed plans day by day from 22 March 2013, emergency response teams and single points of failure;
  - o    a roll back plan so that old systems could be used if the new system didn't 'Go Live';
  - o    communications in EMSS including a newsletter, team meetings/visits/floor walking, Managers' Forum meetings and, from 2 April, twice daily conference calls with senior managers;

- getting ready for EMSS at Nottingham City Council included:
  - o    76 teams being briefed;
  - o    positive feedback from colleagues who recognised the need for and benefits of changing to the new system;
  - o    the take-up of e-learning increasing, with positive feedback;
  - o    classroom training had been completed, with refresher sessions planned;
  - o    1 to 1 coaching was available if required;
  - o    drop-in sessions were available post 'Go Live';
  - o    communications were being delivered to plan;
  - o    system access had been tested and contingency options were in place;

- getting ready for EMSS at Leicestershire County Council included:
  - o    briefings completed for chief officers and senior managers;
  - o    ongoing communication through a range of media to managers and employees;
  - o    e-learning launched and training for 'super-users' had been delivered;
  - o    'show and tell' sessions for new finance processes had been delivered;
  - o    cutover and transitions plans were in place;
  - o    cutover communications and leads were in place;
  - o    rollback process and plan had been confirmed;

- resources for post 'Go Live' support had been secured and included:
  - o    technical support to respond to issues and fix and support first-time processes;

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- o   a knowledge transfer plan to ensure colleagues supporting the system had necessary skills and knowledge;
- o   an ICT service desk support model;
- o   a suite of guides and self help material available for colleagues;
- o   EMSS helpdesks;
- o   super-users to support colleagues;

- there were some concessions and workarounds that had previously been agreed for non business critical issues, and the phasing of education payrolls to the new system was scheduled for early summer;

- risks and issues were:

| Risk | Mitigation |
| --- | --- |
| Delays during cutover, meaning that a 9 day downtime window was insufficient to enable 'Go Live' | a.  A dry run had been undertaken to provide confidence around timescales; <br> b.  an agreement in principle had been approved by the Programme Board to extend the cutover downtime window to 5 April |
| Issues occurring during cutover which meant that the system could not achieve 'Go Live' | a.  Assurance checkpoints in place; <br> b.  rollback plan developed to enable business critical activity to continue |
| Businesses were not ready for 'Go Live' and colleagues could not adapt to the new system | a.  Transitions plans developed and put in place; <br> b.  Leicestershire County Council, Nottingham City Council and EMSS to identify business impact and work with the programme to communicate to the business |
| Some Oracle products were not available on day one due to late delivery or errors in the product | a.  Undertake tests and fixes where appropriate; <br> b.  identify areas on likely non-availability and implement manual workarounds |
| OBIEE reports were unavailable to the business on day 1 of operations | a.  Prioritisation of critical reports; <br> b.  pragmatic approach to concessions taken where appropriate |
| Insufficient time for ICT to undertake robust performance testing leading to uncertainty around user/business impact of the system at 'Go Live' | a.  System resources had been sized to accommodate four times the current workload; <br> b.  options for early access to the environment were being explored |
| Issues were experienced post 'Go Live' which required technical support | a.  ICT departments prioritised support for EMSS relayed activity; <br> b.  functional consultants contracts extended until the end of May 2013 to provide specialist support |

| Inadequate business support during the downtime window was available to complete data validation and user assurance testing | Resources managers provided confirmation that suitable resources had been secured and contingency plans were in place for unexpected absence |
|---|---|

RESOLVED

(1)  that the information be noted;

(2)  that the thanks of the Committee for the hard work and dedication of all of the staff involved with EMSS be recorded.

## 27    FUTURE MEETING DATES

RESOLVED

(1)  that the Joint Committee meet 4 times per year with the next meeting taking place in June 2013;

(2)  that the Constitutional Services Officer write to all members of the Committee with possible dates for the June 2013 meeting and proposed dates for the remainder of the year.                                    C Jackson

## 28    EXCLUSION OF THE PUBLIC

RESOLVED that the public be excluded from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

## 29    FINANCIAL UPDATE

Consideration was given to a joint report of the Director of Corporate Resources (Leicestershire County Council) and the Deputy Chief Executive/ Corporate Director for Resources (Nottingham City Council), copies of which had been circulated, updating the Joint Committee on the financial position of the programme.  The report was presented by Mr J Abbott, Head of Corporate and Strategic Finance, Nottingham City Council.

RESOLVED

(1)  that the financial position of the programme, as presented in the report,  be noted;

(2)  that the contents of the verbal update be noted.

# East Midlands Shared Service Programme Status Report

## 19 June 2013

## Liz Sexton – Programme Manager

Leicestershire County Council    Nottingham City Council

EastMidlandsSharedServices

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## Achievements since last meeting

- Core Oracle (HR, Payroll, finance and procurement) went Live in line with the revised scope and schedule of 2nd April 2013

- Phased rollout to NCC/LCC and EMSS completed within first week, this included providing access to Oracle for over 5000 users within NCC

- Oracle support - moved into Business as Usual on 1st May. Programme continued to support with issue resolution until 31st May 2013

- Current level of issues reported remains within normal operational parameters for Go Live. Key issue is AP workflow (invoice approval) which is being addressed through Business As Usual, with immediate proactive management and development of longer term fixes.

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## Achievements since last meeting

- Knowledge Transfer both technical and business has been completed

- Final handover of operational activity, documentation, training material and residual work completed

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## Programme Status

- Programme Status – core programme closed and a transition into Phase 2 has taken place

- Phase 2 scope
  - Post go live support completed and transitioned into business as usual
  - NCC Education payroll project on track to complete as planned. Testing of Education payroll data has successfully passed its second cycle

- Revised governance in place to oversee delivery of education payrolls and completion of invoice approval fixes

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# Phase 2 Governance Structure

EMSS Phase 2 Structure (Stage 2 – 1 June – 30 September 2013)



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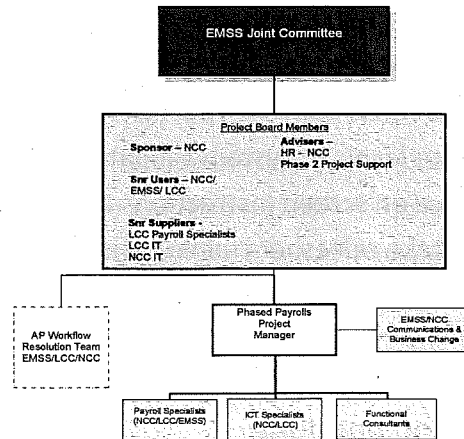
# Update on AP Workflow as at 7/6/13

- Current issues relate to invoice approval

- Analysis of process and build commenced by ICT in conjunction with Subject Matter Experts and verified/overseen by LCC/NCC Snr Users

- Confirmed built as designed, however does not adequately account for multiple variables which may arise once in full operation

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## Update on AP Workflow as at 7/6/13

- Resolution of current invoice issues by strategic finance using a forced approval process
- Series of measures identified, the majority of which are in place to reduce the number of issues
  - Increase levels of system validation
  - Improve on screen instructions and notification messages
  - Undertake refresher training and revise guidance
  - Review business approval hierarchy set up and maintenance process
- Long term fixes on going and scheduled for completion end June

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# Financial Position

- The Finance Paper associated with this meeting will be discussed under a separate agenda item

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# Summary

- Implementation of the Oracle solution has encountered a number of challenges, however following a pragmatic approach to implementation the Programme delivered Oracle in line with the revised scheduled on $2^{nd}$ April 2013

- Transition plans have been completed and operational activities handed over to business as usual

- Some residual work to be completed post Go Live, this has been discussed, agreed and handed over to be completed in business as usual

- Programme to be formally closed

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# Future Governance Arrangements

## 19 June2013

## Liz Sexton – Programme Manager

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# Future Governance Arrangements

- Governance already in place – reviewed to reflect post go live operations

- Important to ensure that issues are dealt with at the appropriate level

- Following chart shows proposed governance arrangements

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# Proposed Future Governance Structure



Leicestershire County Council — Nottingham City Council — EastMidlandsSharedServices
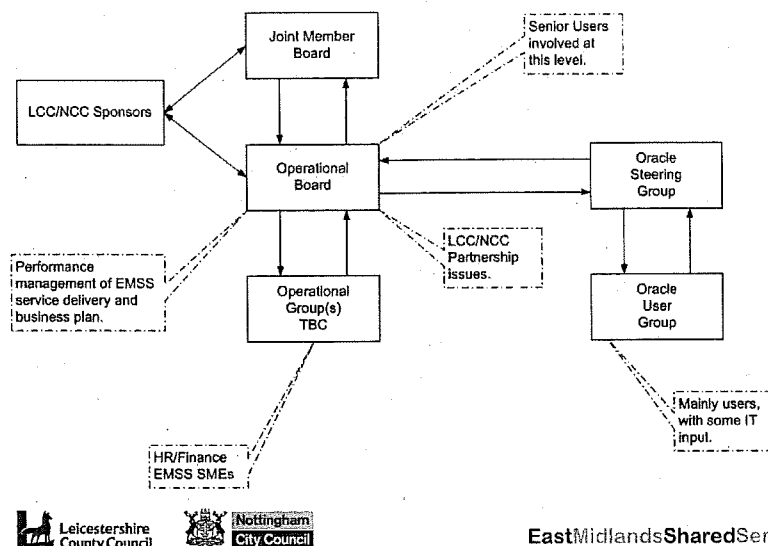

# Proposed Remit of Governance Groups

- Operational Board
  - Focus on monitoring and challenge through SLA's and KPI's,
  - Ensures clear separation between issues relating to the EMSS Partnership, and operational issues impacting on service delivery.
- Operational Group.
  - Joint NCC / LCC client group formed to develop relationships and deal with day to day operational issues.
  - Further consideration to be given to format of groups joint HR / Finance group, or two separate groups created.
- Oracle Steering Group (formerly the Strategic Design Group).
  - Provide joint ownership of the Oracle platform. LCC, NCC and EMSS membership.
  - Oversee delivery of an Oracle Work Programme.
  - Escalating issues where necessary to the Sponsors or Joint Committee.
  - Oversee performance management relevant SLAs.
- Oracle User Group reports into the Steering Group
  - Develop the detail of the Oracle Work Programme.

Leicestershire County Council — Nottingham City Council — EastMidlandsSharedServices

| Subject: | EMSS Annual Report |
|---|---|
| Corporate Director(s)/ Director(s): | Carole Mills, Deputy Chief Executive & Corporate Director for Resources, NCC <br> Brian Roberts, Director of Corporate Resources, LCC |
| Portfolio Holder(s): | Cllr Chapman, Cllr Rhodes |
| Report author and contact details: | Liz Smith, Head of East Midlands Shared Services, email liz.smith@eastmidlandssharedservices.org, tel: 01163053489 |

| Key Decision | ☐ Yes ☒ No | | |
|---|---|---|---|
| Reasons: Expenditure ☐ Income ☐ Savings ☐ of £1,000,000 or more taking account of the overall impact of the decision | | Revenue ☐ Capital ☐ | |
| Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City | | ☐ Yes    No ☐ | |
| Subject to call-in  ☐ Yes    No ☒ | | Total value of the decision: | |

| Relevant Council Plan Strategic Priority: | | Wards affected: | |
|---|---|---|---|
| World Class Nottingham | ☐ | | |
| Work in Nottingham | ☐ | | |
| Safer Nottingham | ☐ | | |
| Neighbourhood Nottingham | ☐ | Date of consultation with Portfolio Holder(s): | |
| Family Nottingham | ☐ | | |
| Healthy Nottingham | ☐ | | |
| Leading Nottingham | ☒ | | |

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

This report presents the Annual Report for 2012/13 for the East Midlands Shared Services organisation.

**Recommendation(s):**

1 The Joint Committee is asked to receive the first Annual Report 2012/13 for East Midlands Shared Services.

## 1    BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

1.1    In September 2010 Nottingham City Council (NCC) and Leicestershire County Council (LCC) approved an outline business case v 4.3 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.

1.2    The EMSS Partnership Agreement, section 12.1, states that the Joint Committee will hold an annual meeting no later than 30 June and will receive a report on the previous twelve months ending 31 March. This report provides Members with the first Annual Report for EMSS covering 2012/13. The report (see Appendix 1) includes

- a summary of the key achievements – pages 2, to 4

- a more detailed account of the services provided by EMSS and their performance – pages 5 to 25

- a review of the financial position – page 26

- the priorities for 2013/14 – page 29 to 31

- a financial forecast for 2013/14 to 2017/18 – page 31

- the key risks for 2013/14 – page 32.

1.3 As this is the first Annual Report Members' views are invited on both the content and format of the report.

1.4 Members have previously requested further information on the following issues and views are also sought on these:

1.4.1 A draft cultural identity (resolution 2 (b) minute 7) – see page 29

1.4.2 The Unique Selling Point of EMSS (resolution 2(d) minute 7) – see page 30

## 2 REASONS FOR RECOMMENDATIONS

2.1 The Partnership agreement contains the commitment that Members receive an annual report for EMSS.

## 3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 None

## 4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

4.1 A Financial update for EMSS is provided within Appendix 1 of the report.

## 5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

5.1 Risks are covered within Appendix 1 of the report.

## 6 SOCIAL VALUE CONSIDERATIONS

6.1 n/a

## 7 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

(a) not needed (report does not contain proposals for new or ☒ changing policies, services or functions, financial decisions or decisions about implementation of policies development outsi the Council)

(b) No ☐

(c) Yes – Equality Impact Assessment attached ☐

**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

**10   OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

- EMSS Management Team
- EMSS Operational Board which is made up of senior representatives from both councils
- Louise Greig, Finance Business Partner, NCC

**East** Midlands **Shared** Services
Delivering quality, affordable and resilient
support services to the public sector

Leicestershire County Council    Nottingham City Council

# East Midlands Shared Services

# Annual Report 2012-2013

## Contents

# Executive Summary - Highlights of the Year

2012-2013 has been a momentous year for East Midlands Shared Services (EMSS) as over three years of partnership working between Leicestershire County Council (LCC) and Nottingham City Council (NCC) came to fruition.  Key achievements during the year, up to 31 March 2013 include:

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**Strategic Objectives**

- Strategic vision adopted with the aim of EMSS being *the best provider of quality, affordable and resilient support services to the public sector*
- Business Plan adopted
- EMSS the organisation launched 1 September 2012
- £670,000 savings delivered in 2012/13, £1.24m savings secured for 2013/14

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**Across EMSS**

- 175 permanent employees joined EMSS
- Up to 40 temporary employees in place
- Technology infrastructure in place
- Actively supporting the design, build and testing and launch of the shared Oracle ERP platform.

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| **Employee Service Centre (ESC)** | **Finance Service Centre** |
|---|---|
| <ul><li>Centre of Excellence launched in Leicestershire</li><li>Transition of staff and building new teams</li><li>Supporting over100 NCC and LCC Schools with new payrolls on conversion to academy status</li><li>Launch of Service Desk to NCC for HR administration.</li></ul> | <ul><li>Centre of Excellence launched in Nottingham</li><li>Transition of staff and building new teams</li><li>Maintaining high-quality services whilst supporting the design, build and testing of the revised Oracle platform</li><li>Launch of the Service Desk to NCC external suppliers and NCC colleagues</li></ul> |

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**Business Development**

- Team launched in September 2012
- Launched the EMSS intranet
- Supporting SLA work and events with schools in Leicestershire and Nottingham
- Undertaking account manager roles
- Launch of new technology for Systems Administration enquiries

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## 1. Strategic Objectives

During the year a three year Business Plan for EMSS was adopted.  This sets out our plans to ensure we are *the best provider of quality, affordable and resilient support services to the public sector*.  It is focussed on three stages of development:

(a) **establishing** EMSS including the creation of the organisation and the launch of the Oracle System;

(b) a period of **stabilisation** particularly following the phased roll out of the Oracle system; and

(c) a **growth** stage, during which we will aggressively pursue opportunities to secure new customers of EMSS.

EMSS - the organisation responsible for the delivering of HR administration, payroll and financial transactions - was established on 1 September 2012 following a strategic decision to de-couple the creation of the organisation from the go live of the Oracle ERP system.   This marked a key deliverable for the EMSS Partnership.  The first six months of its existence saw EMSS focussed on people settling into their new roles and teams whilst continuing, in the main, to deliver services based on existing processes.  During this time a significant amount of effort was also focused on the delivery of the Oracle ERP system as key members of the team worked closely with the EMSS Programme to ensure the system went live on 1 April 2013.

## 2. *EMSS - the organisation*

With the creation of EMSS on 1 September 2012 175 employees joined the organisation as permanent employees with around 40 employees providing additional transition support.  The creation of the new organisation brought with it the relocation of the Finance Service Centre to Nottingham and the consolidation, in the main, of the Employee Service Centre in Leicestershire.   Payroll Services for NCC continued to be delivered from the Gatehouse in Nottingham between September 2012 and March 2013.  New technology infrastructure was introduced to support the delivery of services in both LCC & NCC whilst extensive work continued on the development of the joint Oracle ERP solution.

The decoupling of the go live of the organisation and the ICT system enabled the major changes that need to be implemented around our people, processes, accommodation, and other supporting technology to take effect prior to the launch of Oracle in April 2013.  This has delivered significant benefits particularly in allowing some of the other changes – particularly related to our people - to stabilise prior to the implementation of new processes through the Oracle system.  It did however present other challenges, not least of which was the need to maintain service delivery using two sets of systems and processes with a smaller pool of trained and knowledge employees, supplemented by new, temporary employees.  Throughout this period of significant change, however, services have, in the main, continued to perform well.

## 3. *The Employee Service Centre*

The HR admin and payroll teams dealt with:

- Around 52,000 payments per month worth £36 million for LCC;
- Around 13,000 payments per month for NCC at a value of £16 million;
- A total of 117 payrolls each month
- 5,837 contract offers and variations to contracts;
- 2,272 job advert requests;
- 14,799 job applications;

3

- over 3,300 letters for interviews/references; and
- 9,560 CRB/DBS checks.

Supporting all of this, the ESC Service Desk dealt with

- 44,915 HR and payroll enquiries from LCC employees; and
- since November 2012, 3,202 HR calls for NCC and 1164 calls for CBC.


## 4. The Finance Service Centre

Between April 2012 and March 2013 for LCC, the Finance Service Centre (FSC)

- paid 156,661 invoices totalling £652m;
- managed the allocation and recovery of circa £617m of income; and
- dealt with 33,001 enquiries

During this period £90m[1] of income was recovered for NCC and since the launch of the Service Desk in January 2013, 2,287 enquiries were received.


## 5. The Business Development Team

The two centres of excellence are supported by the EMSS Business Development team. This team has worked with the EMSS Management team on a variety of issues aimed at strengthening our approach to how we do business and how we work with our customers. This has included:

- undertaking lead account manager roles with some external customers including Leicestershire and Rutland Probation Trust, Charnwood Borough Council and Nottingham City Homes;
- supporting the Oracle go live project;
- collating performance data; and
- supporting the renewals of Service Level Agreements with some schools/academies.

The team also leads on Systems Administration dealing with more technical customer enquiries around the Oracle system including some training and has played a significant role in the development of the new Oracle system. Since October 2013, this team dealt with 2,413 enquiries/service requests for Leicestershire (NCC work came into the team from 1 April 2013).

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[1] NCC allocate receipts through the Radius system which is outside the scope of EMSS

# 2012-13 – A Review

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.

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;
- Implementation of state of the art technology; and
- An evolution in new ways of working

## 6. Strategic Objectives

The three year Business Plan for EMSS was adopted by the Joint Member Committee in July 2012 and incorporated a vision which sees EMSS becoming *the best provider of quality, affordable and resilient support services to the public sector*.  The Business Plan also envisaged that the EMSS organisation and the Oracle ERP system would be implemented at the same time with a go live date of 1 September 2012.   This coupling of the two go live dates would have enabled the full implementation of the target operating model (TOM) for EMSS which envisaged

- **Employees** in their new posts and new teams, having relocated where necessary;
- The adoption of joint **processes** across the two Service Centres;
- The use of the joint Oracle ERP **system**;
- **Customer accessing services** through self-serve using the councils' intranet sites or e-forms; calls/emails to the EMSS Service Desks to enable a significant amount of enquiries to be dealt with by EMSS employees; and finally hand-off to the retained organisations where enquiries required specialist strategic support.

The Organisation was created on 1 September 2012 even though the delivery of the Oracle ERP system was delayed.  This enabled the partial implementation of the TOM during 2012-13 including some employees moving into their new posts, teams and locations; and the phased introduction of the EMSS Service desks for NCC.

Other achievements against the Business Plan during this period have included:

- delivering to existing service standards where possible, for NCC & LCC business as usual from 1/9/12 to Oracle go live on 2 April 2013.

5

- investing time in building relationships with EMSS to ensure a strong organisation and services including weekly/monthly managers sessions, regular employee forum held with Head of EMSS; employee surveys; and regular communications including Email bulletin to all EMSS employees.
- Initiating a new approach to quality assurance;
- Attendance at schools/academies events for LCC & NCC to receive feedback and promote EMSS;
- An initial baseline of performance and service issues in June 2012;
- Implementation of new officer governance arrangements in January 2013;
- Working closely with some existing customers (e.g. NCH, Probation) to define and deliver service improvements and assigning account managers.  This was also supported by additional customer services training in parts of EMSS during September to December 2012.

However, the achievement of some of the Business Plan objectives were delayed.  This was in part because some of them were intrinsically linked to the launch of the Oracle system (such as the full implementation of the TOM) and others resulted from a lack of capacity to implement as key resource was deployed to support the go live of the Oracle system.  Those which remain a priority will be pursued during 2013-14 and include:

- Ensuring Service Level Agreements are in place both for the services EMSS is providing and for those internal services which the two councils are providing for EMSS;
- The implementation of a robust performance management framework;
- Reviewing the costs and charges of EMSS's services.
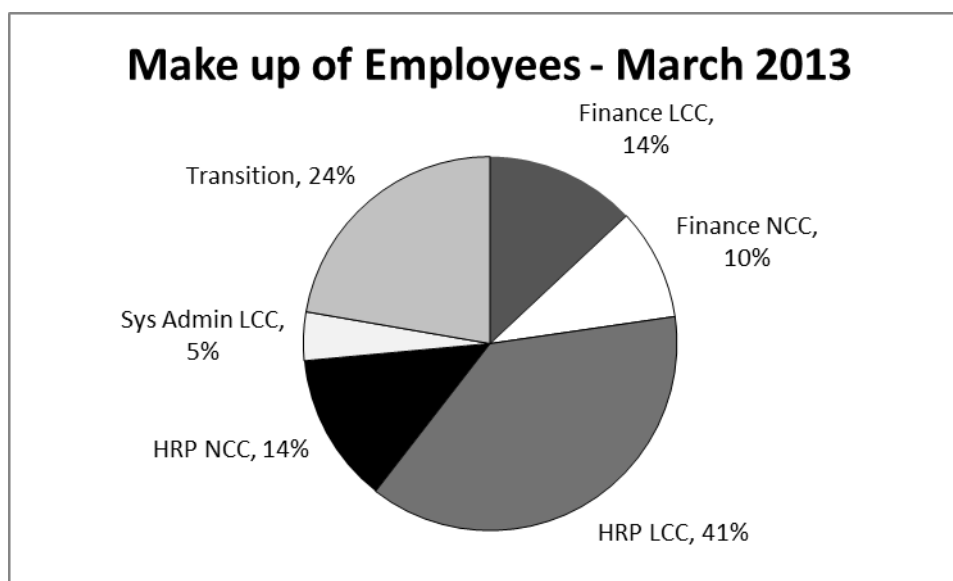

## 7. *Phase 1 - Establishing*

The Business Plan is centred on three strategic phases:

(a) **establishing** EMSS including the creation of the organisation and the launch of the Oracle System;

(b) a period of **stabilisation** particularly following the phased roll out of the Oracle system; and

(c) a **growth** stage, during which we will aggressively pursue opportunities to secure new customers of EMSS.

The establishment of a New Shared Services Organisation occurred in September 2012.  EMSS now delivers transactional HR, payroll and finance transactional services to both LCC and NCC and other customers through two centres of excellence.

At the end of March, the organisation employed 220 people working across two sites – one in Leicestershire and one in Nottingham.  The following table shows where the permanent staff originated from, along with the volume of temporary transition resource in place.  As a result of a TUPE transfer of ex NCC colleagues, all staff are now employed by LCC.

| | Total |
|---|---|
| Finance LCC | 31 |
| Finance NCC | 23 |
| HRP LCC | 90 |
| HRP NCC | 31 |
| Sys Admin LCC | 10 |
| Transition | 53 |
| **Total** | **222** |



Make up of Employees - March 2013

- Finance LCC, 14%
- Finance NCC, 10%
- HRP LCC, 41%
- HRP NCC, 14%
- Sys Admin LCC, 5%
- Transition, 24%

During the course of 2012/13, we dealt with the following (robust information was not available across all services for LCC & NCC so the figures are likely to be underestimated):

- 87,000 enquiries through the service desks
- £781 million paid through the payrolls
- 36,000 HR transactions
- 238,000 invoices processed

There have been challenges throughout the year which have impacted on performance. Some of this has been felt within both councils and also with external customers and a key priority moving forward will be to ensure we deliver a consistently high quality service.

## 8. EMSS Management Team

EMSS is led by a Head of Service, supported by three Senior Managers.

| Liz Smith **Head of EMSS** | | |
|---|---|---|
| Emma Gibson **Employee Service Centre Manager** | Chris Law **Finance Service Centre Manager** | Jill Turner **Business Development Manager** |

The Senior Management Team is responsible for the development and implementation of the Strategic Objectives for EMSS; the delivery of services to the agreed standards; providing leadership and direction across the whole organisation; and ensuring that resources (ostensibly people and technology) are fit for purpose. The Senior Management Team, along with other managers/Team Leaders make up the EMSS Management Forum and meet on a monthly basis to discuss current issues and improved ways of working.

## 9. Employee Service Centre, Emma Gibson, Service Centre Manager

The Employee Service Centre (ESC) is responsible for HR administration, recruitment and payroll services. The Service Centre Manager is supported by two Service Delivery Managers, one responsible for the HR admin aspects of the team's activities and one responsible for Payroll.

Previous to the transition of services to EMSS, both organisations had move their service provision to slightly different models of a shared services function.  LCC launched an Employee Shared Service Centre on 1 March 2009 with eight teams providing Recruitment, HR administration, Payroll and System Administration services managed separately from the Strategic HR function.  it was at that time that the Service Desk model was also introduced in LCC.  The staff in these teams were founded on a core complement of experienced staff from both the former HR and Payroll teams and a small number of newly recruited staff.  NCC introduced a different shared services model in January 2007 which was part of the Strategic HR service to support HR and Payroll administration services.  This model did not include a Service Desk function.

### 9.1    Service Demands

In the next section the delivery of day to day services by the ESC and their response to the creation of EMSS as an organisation is explored.  In addition to those activities, the teams have also responded to and been involved in a range of projects and other issues, some of which are described here.

The changes to Local Government generally have impacted on the ESC.  The team now handles much larger volume of temporary contracts and therefore temporary extensions along with a range of changes resulting from organisational re-structures.  These generally involve large numbers of changes to job roles and salaries, often effective all at the same time.

The change in Government policy for schools has impacted most significantly on the service particularly with the conversion of schools to academies.  These changes happened very quickly, at a time when our focus was on preparation for the go live of EMSS the organisation and so the challenge presented was not insignificant.  The team have worked exceptionally hard to understand the impact and manage the conversions, keeping the business of the majority of schools as they convert.  We have, over the last twelve months, developed our systems and information for handling academies but the impact on resources has been, and continues to be, a challenge.   This



**Academy payroll conversions 2012/13**

is of particular relevance because the EMSS Business Case did not include within its scope the impact (both in terms of processes and resources) of academies on the service.
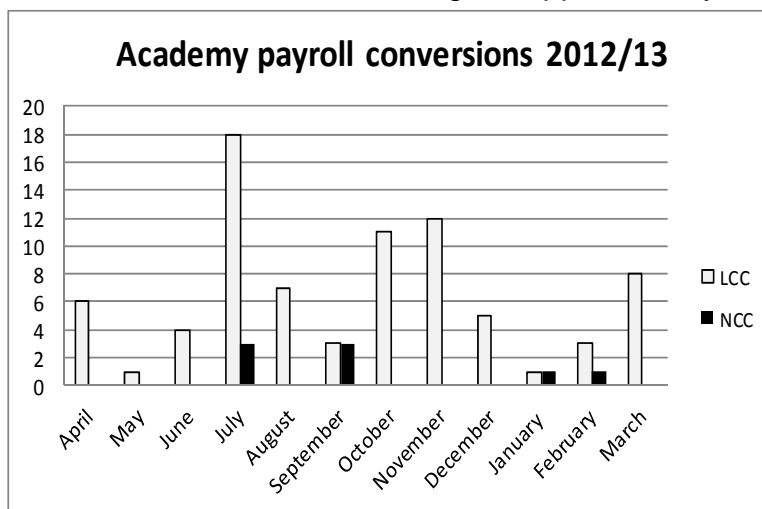
A significant impact on the ESC during 2012-13 has been the EMSS Oracle Programme. Key people in the team played an integral role in supporting the design, testing and implementation of the new system. Examples of involvement include:

- Payroll Parallel Run – two employees were involved throughout the ten month period leading up to the go live and two further employees were seconded for two full weeks at the peak of activity. Other staff were available as and when needed as additional resources during critical periods.
- Process mapping – Team Leaders and process experts were involved over a number of months in mapping HR and Payroll
- Testing – Team Leaders and Process Experts have been involved in testing of processes.
- Reporting – Team Leaders and Process Experts in particular in Payroll Control have spent a significant amount of time on testing of reports.
- Dry run / cut over – 12 members of staff worked over this period including 8 members of staff working on bank holidays during the Easter Holidays.

Other issues of significance which have increased the demands on the team include:

- **Real Time Information (RTI)** - This is a new requirement from HMRC which will be implemented in August 2013. This means that information about employee contributions has to be reconciled and presented to the tax office each month (instead of providing an annual return). The impact of this has required an upgrade of the Oracle technology, the team to understand the requirements of this new legislation and will require resource in the team each month to complete the task.
- **Auto enrolment** – This is a requirement by law to enrol staff into the Pension scheme at specific milestones in the employee's lifecyle. This has required upgrades in the Oracle technology and will require resource in the team to ensure the requirements are accurately carried out.
- **TUPE** transfers (Public Health and Surestart) – From 1 April 2013, 40 NCC and 18 LCC staff TUPE'd over. This involved a significant amount of planning and preparation work alongside the Oracle go live plans. The team also handled 20 TUPE transfers at short notice for NCC Surestart.

Finally, and importantly, the ESC has continued to provide services to a range of external organisations (see below for schools/academies). Some of the highlights include:

- Nottingham City Homes – EMSS continued to provide a payroll service to NCH which transferred to Oracle in April.
- Charnwood – EMSS provide Recruitment and HR administration services to Charnwood Borough Council (CBC) supported by our Service Desk. During this year there have been a number of quality issues with this service which are in the process of being addressed in consultation with CBC.
- East Midlands Councils (EMC) – The provision of a Payroll and HR administration service to EMC.
- Probation – Maintaining the provision of a Payroll services to Probation who are a long standing customer.
- Oadby and Wigston Borough Council – maintaining the payroll provision
- Fire Service payroll – a large and complex Leicestershire Fire Service payroll
- Payroll provision to some large Further Education colleges - Gateway College, Wyggeston Queen Elizabeth and South Leicestershire College

## 9.2   ESC Employees

Both Leicestershire and Nottingham HR and payroll teams have been subjected to reviews for a lengthy period of time (approximately 3 years).   Over the last 12 months, the service has been in a state of flux for a variety of reasons but particularly because of the creation of EMSS. In April 2012 the Leicester based team was staffed with approximately 25% temporary employees and was subject to a number of people resigning from the team.   For the ex NCC employees, decisions about the date of the TUPE transfer and for those leaving through Voluntary Redundancy were linked to an early go live date for the Oracle system and this resulted in a loss of staff, and their knowledge and expertise in August/September 2012.  Other staff who had expected to change function i.e move from HR & Payroll to the Finance Team in September, were also impacted as they had to remain in their original posts until the launch of the Oracle system to ensure the continued delivery of services for NCC.

During late summer 2012, we recruited to replace leavers; fill the gaps in the permanent structure; and to secure temporary transition resource.  We had to manage this so that the teams were not inundated with inexperienced staff requiring training and inevitably this proved to be a challenging time in managing service provision with minimal experienced staff.   The focus on recruitment and training started to pay off towards the end of 2012 when staffing levels and overtime demands were much more manageable (mostly for the Leicester based team). The current staffing profile still relies on a number of temporary staff across teams.

| Type of Employee transitioning into ESC Sept 12 | No |
|---|---|
| LCC HRP | 89 |
| NCC HRP | 13 |
| LCC Finance | 16 |
| Temporary/Transition | 35 |
| Total | **153** |



ESC Employee Breakdown
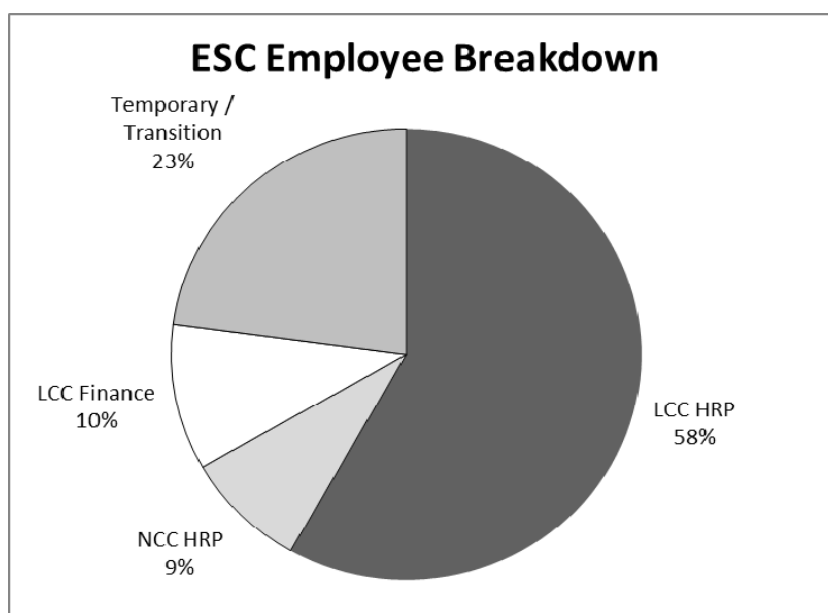
## 9.3   ESC Teams & Performance

The Employee Service Centre is made up of eight teams, providing a range of employee related services:

- Service Desk
- HR administration
- HR administration – schools
- Recruitment

- Payroll administration
- Payroll control
- Payrolls – schools / academies / externals (1)
- Payrolls – schools / academies / externals (2)

LCC & NCC have had different approaches to performance management in the past and this has meant that collating robust data to form a baseline on which to compare the success of EMSS has proved difficult.  The additional pressures on the service during 2012/13 have also meant the resources have been focussed on service delivery rather than on consolidating the performance data.  Based on the information we do have available and despite the challenges faced by the service during 2012/13 overall performance has remained reasonably stable.

### a)  Service Desk

The Service Desk is the first point of contact for customers.  It receives queries in all formats (telephone, electronic/email, post, etc.) and is responsible for swift and effective resolution of the query or prompt routing to a specialist team if the query is of a more technical/complex nature.  We record all queries received using a system called OTRS, which enables us to monitor, track and report on performance.

Throughout the year the team were the first line of enquiry for all HR and Payroll calls for Leicestershire County Council.  From November 2012, the team commenced providing a service to Nottingham City Council for HR calls and for both HR and payrolls from April 2013.  The service desk also supports enquiries for CRB (now DBS – Disclosure and Barring Service) for all CRB customers.

The ESC Service Desk dealt with a total of 44,915 enquiries throughout 2012/13:



ESC Service Desk Total Enquiries 2012/13
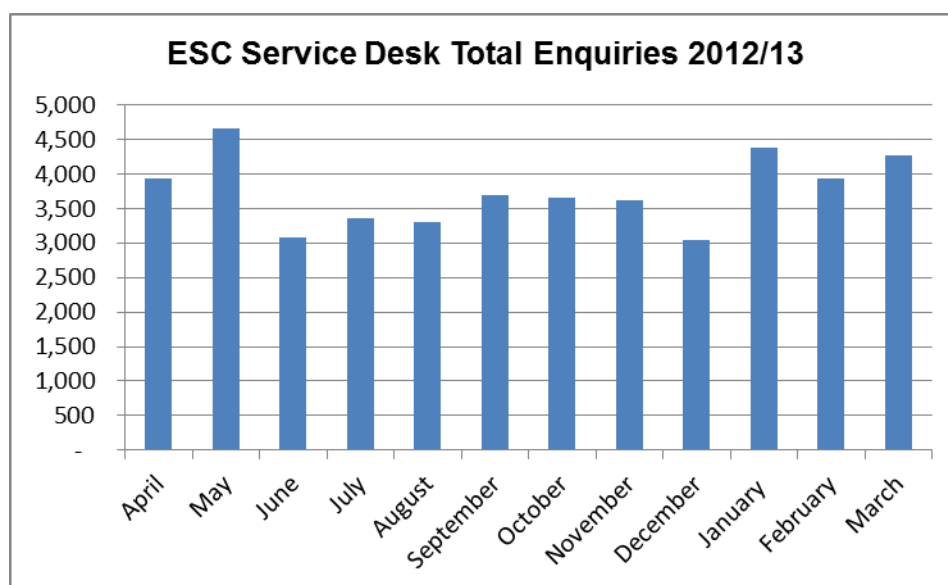
The split of enquiries by organisation – Leicestershire County Council, Nottingham City Council and Charnwood Borough Council was as follows:

| Month 2012/13 | LCC | NCC | CBC | Total |
|---|---|---|---|---|
| April | 3,860 | - | 74 | 3,934 |
| May | 4,533 | - | 124 | 4,657 |
| June | 3,006 | - | 81 | 3,087 |
| July | 3,248 | - | 104 | 3,352 |
| August | 3,219 | - | 78 | 3,297 |
| September | 3621 | - | 74 | 3,695 |
| October | 3583 | - | 73 | 3,656 |
| November | 3506 | - | 104 | 3,610 |
| December | 2316 | 642 | 80 | 3,038 |
| January | 3477 | 790 | 121 | 4,388 |
| February | 2982 | 828 | 122 | 3,932 |
| March | 3198 | 942 | 129 | 4,269 |
| **Total** | **40,549** | **3,202** | **1,164** | **44,915** |
| % | 90% | 7% | 3% | |

The most popular type of enquiry to the ESC Service between December 2012 to March 2013 were (a) Contracts of employment (b) Tax enquiries (c) Annual leave.

The Target Operating Model for EMSS is based on customers on the concept of **click : call : face**. Click means the customer aims to self-serve first by using the councils' intranet sites to answer their queries before ringing (call) the service desk for support. The Service Desk then aims to resolve 80% of enquiries received but can hand off an enquiry to a specialist either in EMSS or LCC/NCC (face). During the year the ESC Service Desk did not meet its target of resolving 80% of enquiries:
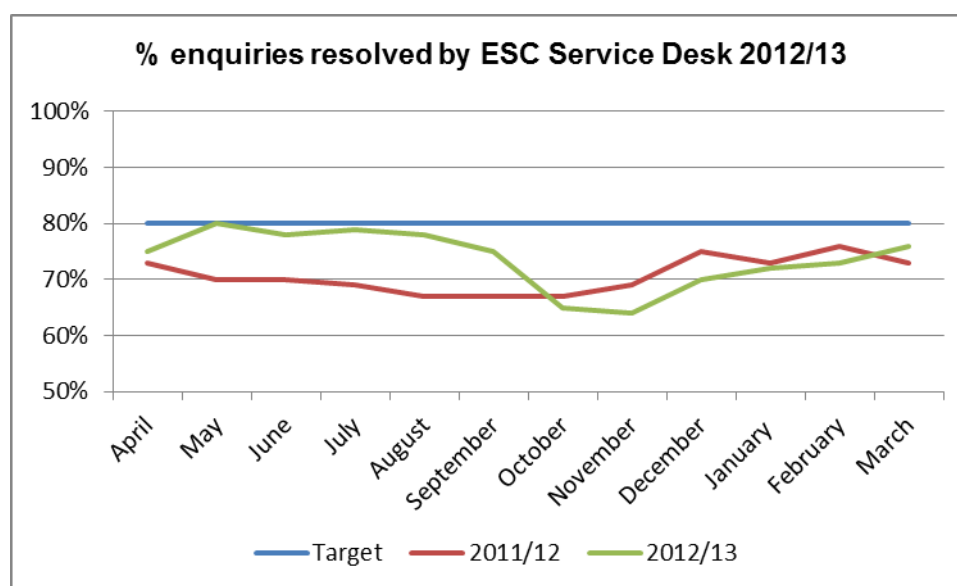


Between April and end September 2012, the service was resolving a higher percentage of enquiries than it had over the same period in 2011/2. This performance dipped between October and the end of February which was linked to
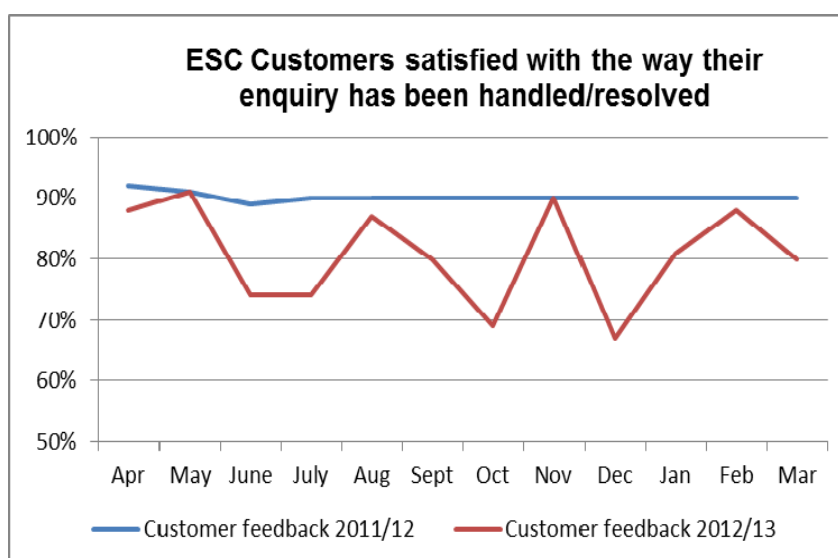
- the launch of EMSS in September;
- a high turn-over of staff and hence a high number of trainees;
- the introduction of the new call logger system in October and;
- the inclusion of HR calls from NCC into the Service Desk in December.

In March 2013, the Service Desk resolved 76% of enquiries, an improvement on March 2012 when performance was 73%.

When reviewing the total number of enquiries which were resolved within EMSS (i.e either by the service desk or another ESC team), the average performance for the year was 95% which is the same as 2011/12.

| | Resolved in EMSS (Service Desk & ESC teams) | | |
| Month | 2011/12 | 2012/13 | Improving? |
|---|---|---|---|
| April | 94% | 95% | Y |
| May | 94% | 94% | Static |
| June | 94% | 93% | N |
| July | 94% | 94% | Static |
| August | 95% | 97% | Y |
| September (EMSS go live) | 94% | 94% | Static |
| October (new call logger) | 94% | 95% | Y |
| November | 94% | 94% | Static |
| December (NCC HR Calls added) | 96% | 95% | N |
| January | 98% | 95% | N |
| February | 95% | 95% | Static |
| March | 94% | 96% | Y |

The changes introduced as a result of the EMSS project throughout 2012/13 have also had an impact on satisfaction. The average throughout the year remained at a satisfactory level of 81% although there were significant dips with the lowest being 67% in December which is when NCC HR enquiries were first taken by the Service Desk. As the team and service provided stabilises in 2013/14, following the Oracle go live, we will be seeking to increase satisfaction levels back to a minimum of the performance achieved in 2011/12 of 90%.



ESC Customers satisfied with the way their enquiry has been handled/resolved

Customer feedback 2011/12 — Customer feedback 2012/13

## b) HR Administration

The two HR Administration teams are responsible for ensuring all final contracts of employment are issued and for processing of a range of staffing changes. The teams work closely with our payroll teams to action any system and payroll amendments. They also handle maternity, paternity and other leave issues.

One of the teams is responsible for schools/academies processes and one for non-schools/academies processes.

- Under EMSS the Leicester based team was brought together for the first time to provide services to both councils and was based on existing LCC and NCC staff as well as new staff. Despite being a new group of staff they have worked well together and have been very positive.

- A second team provides similar services for LCC schools but these are based on very different processes to those used by the councils. Stabilising resources in this team have been challenging due to the specialist nature of some of the work. The team also handles Teacher's Pensions issues which is a complex area.

- An interim team has been maintained based at the Gatehouse in Nottingham to support Schools HR processes up until the end of April 2013 when the work will transition to the Leicester based Schools HR team.

| Type of activity 2012/13 | Total |
|---|---|
| Number of contract offers and variations to contracts | 5,837 |

## c) Recruitment Services

The Recruitment Team is responsible for placing adverts on websites and in some instances, liaise with our recruitment agency to place adverts in specialist external media. The team send out interview notifications and reference requests and liaise with managers to ensure that the range of required pre-employment checks are complete.

| Type of activity 2012/13 | Total |
|---|---|
| Job advert requests | 2,272 |
| Job applications | 14,799 |
| Letters for interviews/references | 3,000 |
| **TOTAL** | **20,071** |

The Team is also responsible for the management of the DBS process which is provided by an efficient, externally hosted, on-line system. This system is high performance and as a result the quality of the service provided by EMSS is very good. 9,560 CRB/DBS checks were processed by the team in 2012/13.

The two teams based in Leicester and Nottingham have communicated and worked well together since September. The Leicester team quickly took over the placing of adverts for Nottingham customers and the teams continue to liaise together to streamline processes between the two teams. The team in Leicester has had staff turnover and inexperienced staff in the teams which have seemed to be the cause of a number of quality issues being identified.

There have been some quite serious errors identified through complaints made which the team has acted quickly to mitigate through additional quality checking and training.

Over recent years, both councils have made some investment in the technology solution to support recruitment processes.  This solution has not proved to be as effective as was envisaged and as a result was being used differently by both councils.  Work is ongoing to secure a new single solution which is expected to go live in the autumn 2013.  The lack of a robust recruitment solution has meant that, in the main, two recruitment teams have been retained (one in LCC, one in NCC) and as a result a single shared process, in line with the target operating model, has not yet been implemented – the successful implementation of a single shared approach during 2013, is dependent on the new recruitment system and changes to ways of working in NCC to bring it in line with the shared service model which is based on LCC's processes.

### d)  Payroll

Our four Payroll teams are responsible for actioning all detailed individual payroll changes, including the processing of timesheets for additional hours and absences.  They also ensure correct deductions for National Insurance, pension and any salary sacrifice schemes available. The Payroll Control team undertakes the technical aspects of running the payrolls ensuring they are as accurate as possible before being released for BACS payment for salaries to reach people's bank accounts in time for payday.  We also have two teams responsible for Schools/Academies and Agency payrolls and one team responsible for LCC/NCC payrolls.

We retained a team of people in the Gatehouse to run the payrolls for NCC, NCH and Nottingham schools/academies whilst awaiting the implementation of the new Oracle system for NCC.  Some of this payroll team were able to move to their new EMSS posts in March 2013 after the final payroll run for NCC & NCH in Delphi.  The staff that remained working with Delphi to support the schools/academies in Nottingham were relocated to Loxley House in March to enable them to be closer to other EMSS colleagues.

The Payroll teams dealt with

| as at March 2013 | Number of payments | Value of payments |
|---|---|---|
| LCC (includes agencies, pensioners and LCC academies) | 52,142 | £  36,186,856 |
| NCC (includes schools, academies and pensioners) | 12,964 | £  16,282,553 |
| **Total per Month** | **65,106** | **£  52,469,409** |
| **Total Per Annum** | **781,272** | **£629,632,409** |

All payroll teams have been impacted by the conversion of schools to academies during the year:

| Number of schools converting to Academies | LCC | NCC | Total conversions |
|---|---|---|---|
| April | 6 | | 6 |
| May | 1 | | 1 |
| June | 4 | | 4 |
| July | 18 | 3 | 21 |
| August | 7 | | 7 |
| September | 3 | 3 | 6 |
| October | 11 | | 11 |
| November | 12 | | 12 |
| December | 5 | | 5 |
| January | 1 | 1 | 2 |
| February | 3 | 1 | 4 |
| March | 8 | | 8 |
| **Total** | 79 | 8 | 87 |

This has had the overall impact of increasing the total number of payrolls dealt with. We also no longer deliver payroll services to some academies/other customers and the net effect of this is shown in the following table:

| | April 2012 | March 2013 |
|---|---|---|
| Total number of payrolls dealt with | 48 | 117 (144% increase) |

This increase in the number of payrolls dealt with alone has put additional work into the team and is in the context of other changes which have impacted (see above "Service Demands"):

- Payroll Services (Schools) - The schools payroll teams provide services to schools and academies as well as a number of agency customers. September 2012 was one of the most challenging months for schools payrolls. The challenges of achieving payrolls with a minimal number of experienced staff at Leicester and a dwindling number of staff at the Gatehouse put a significant amount of pressure on the teams. There were some issues that we have learnt from, particularly around sharing resources across teams within EMSS, although the teams were co-operative and supportive to each other in stretching deadlines as far as possible.

  Subsequent months became less difficult to manage month on month for the Leicester teams and by November, payrolls were being achieved with planned deadline dates and December pay runs were well ahead of time for Christmas.

  The transition the team went through during 2012/13 put them in a more manageable place and has enabled better consideration and planning for the second phase of the EMSS Programme whereby the NCC payrolls for education will move from the Delphi system to Oracle during the summer 2013.

  Whilst accepting the significant change the team has undergone we have to acknowledge that the number of complaints and the nature of feedback received both from Leicestershire and Nottingham schools/academies have indicated problems with the quality of service

provided.   An Improvement plan is in place which encompasses better performance monitoring; consistency in processes; improving customer contact; and some technological developments.

- LCC and NCC payroll services - For Leicester, the LCC team has been reasonably stable, there are minimal issues and/or complaints about the services provided by this team and the workload is manageable.  There has been no need to extend any payroll deadlines or for the team to work overtime to achieve their work.  The team based in the Gatehouse in Nottingham continued to work hard throughout the year to achieve the NCC payrolls with very limited resources pending the Oracle go live.

- Payroll Control - This team provides technical aspects of payrolls.  Both teams have faced many challenges similar to the wider EMSS team in respect of skilled resources.  The conversion of schools to academies creates an initial challenge for the team in having to run separate payrolls for each individual academy.  In Leicester, the team have worked hard to source Oracle solutions and with the support of ICT a significant development was a solution to run multiple payrolls resolving some of the issues around resources for the team.  Additional resources have been allocated to the team and during the last few months of 2012/13 the team had developed a level of stability.


## 10.    *Finance Service Centre, Chris Law, Finance Service Centre Manager*

LCC established a Finance Shared Service Centre on 1st November 2010 with three teams – Payments, Income and Service Desk – dealing with LCC and Leicestershire Probation Service. Since then the team has remained relatively stable with very few leavers and staff who have performed well. NCC did not operate a Shared Service Centre but instead retained a more traditional two-team set up of Payments and Income.  Again both teams have had a stable staffing complement.

The delayed launch of the changes to Oracle and implementation of supporting technologies have impacted how the FSC has needed to operate to date and the pace at which we have been able to implement change.  Running dual-processes has been a necessity to maintain an acceptable level of business as usual service for both LCC and NCC.

### 10.1  Service Demands

During 2012-13, as well as delivering the day to day services, the FSC have been actively engaged in other issues.

The changes to Local Government generally have impacted the FSC.  The drive for efficiencies has led to the FSC working closely with its customers to further streamline processes and to embrace technology wherever possible.  This has included the design and implementation of a Collections Strategy in Leicestershire County Council and a uniform Request for Payment form for use by all EMSS customers.

The major change to schools converting to Academies has impacted far less on the FSC than the ESC although, in Leicestershire, there has been a slight reduction in work undertaken to manage income from schools destined for the Local Authority.

The go live of the Oracle system for NCC/NCH, along with adding functionality for LCC has had the biggest impact on the FSC during the year.  Examples of involvement include:

- Design of processes, systems and documentation to align, wherever possible, the transactional processes adopted by all partners and customers;
- System Testing – 8 employees were involved throughout and during the period January to March 2013, 2 were employed 50% of their time on testing or related programme activities that required expert transactional processing knowledge;
- Reporting – FSC employees were all involved in the original design specifications as well as the test and fix cycle;
- System Cut-Over – FSC resources worked over the Easter period to enable final assurance testing and system acceptance readiness work to be completed.

Concurrent to the above, for Leicestershire, the FSC were involved in the design and launch of the No PO, No Pay policy upon which the invoice processing design for EMSS was heavily reliant. Our involvement was limited to advice and guidance with the retained organisation responsible for the launch and departmental compliance with the policy.

The FSC has also continued to work with some external organisations including:

- Nottingham City Homes
- East Midlands Councils
- Leicestershire & Rutland Probation Service

For all these organisations, we have provided a quality service to meet their needs including payment of supplier invoices and payee requests, producing invoices, collecting income and debt and resolving queries via the Service Desk.
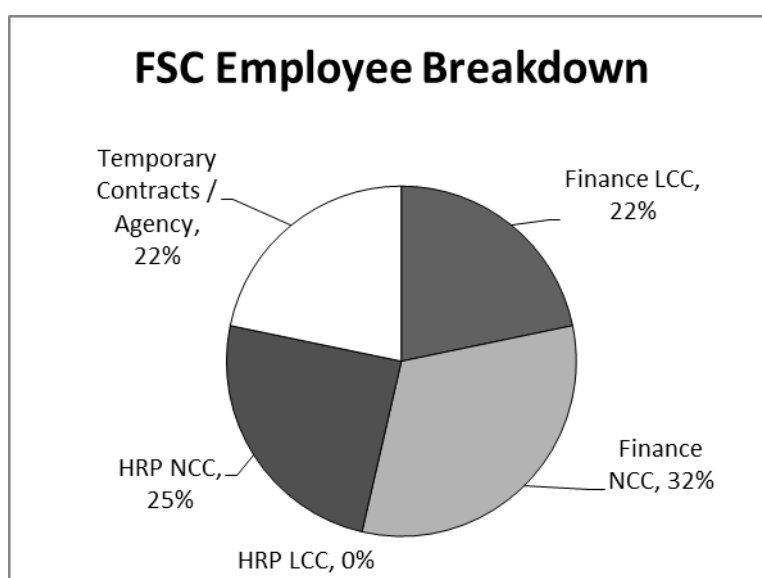

## 10.2 FSC Employees

This is an area where there has inevitably been a high degree of change and therefore, uncertainty for a lot of employees. During April and May people began to discover if they had a role in the new structure either by way of a promotion, 'slotting in' or a transfer of function (i.e from HR to Finance and vice versa). Those who had requested voluntary redundancy also found out if this had been granted and other employees were informed that they would be changing location from Leicester to Nottingham when the organisation went live. In practice, this had little to no visible effect on the finance services under business as usual for both Leicestershire and Nottingham as the core staffing complements remained in place through the summer until EMSS became an organisation on 1st September.

From September on, however, considerable challenges were faced including losing experienced NCC staff to voluntary redundancy; and staff in Leicestershire transferring from Finance to HR as part of the overall staff transition plan. One of the major impacts resulted from the delay of the go live of Oracle – inevitably and for sound business reasons, we were not able to transfer HR and payroll staff from the Gatehouse into their new posts in the Finance team as they were required to stay in the existing posts to ensure the continued delivery of HR and payroll services for Nottingham. This meant there were gaps in the staffing structure which led to the recruitment of a large number of temporary and agency staff. This in turn, has inevitably presented issues around knowledge and skills gaps and placed greater pressure than was ideal on the full-time staff that remained who, however, in the main continued to perform exceptionally well and met the challenge presented. There were some performance issues with some staff which we have also managed during this period.

As we ended the year, the staffing position had changed very little – see the following graph which shows where employees have originated from.

| Type of employee | Number |
|---|---|
| Finance LCC | 15 |
| Finance NCC | 22 |
| HRP LCC | 0 |
| HRP NCC | 17 |
| Temporary Contracts | 4 |
| Agency Staff | 11 |
| **Total** | **69** |

**FSC Employee Breakdown**

- Temporary Contracts / Agency, 22%
- Finance LCC, 22%
- Finance NCC, 32%
- HRP LCC, 0%
- HRP NCC, 25%

With the move of the NCC payroll onto Oracle in April 2013, we were able to release some HR & payroll staff into the Finance Team in late March but a significant number will continue to run the education payroll on Delphi until the summer.  Once this final stage is complete in August 2013, the Finance Team will, for the first time and twelve months after the team was created, be mainly made up of the actual staff that form our permanent structure.

## 10.3  FSC Team & Performance

The Finance Service Centre is made up of four teams providing finance related services:

- o  Service Desk
- o  Accounts Receivable (Income & Debt)
- o  Accounts Payable (Payments) - 1
- o  Accounts Payable (Payments) - 2

As with the Employee Service Centre, the two councils did adopt different approaches to performance management in the past and this has meant that collating robust data to form a joint baseline on which to compare the success of EMSS has proved difficult.   The changes brought by the creation of EMSS along with the Oracle go live has meant that resources have been focussed on service delivery or designing and testing the new Oracle processes rather than on consolidating the performance data.  Overall the services have continued to be provided to standard with no significant issues reported and no formal complaints received from either LCC or NCC concerning processing times or the quality of work produced.

## a)  Service Desk

To co-incide with the creation of EMSS, we relocated the LCC Service Desk and employees to Loxley House on 1 September.   A new team leader, from the NCC HR Team, was appointed and within a short period of team, and a testament to those involved, this team quickly stabilised.   In October, the new call logging software OTRS, was launched.  This has

transformed the way the service desk works; how we manage queries (calls and emails); has provided greater transparency around the queries received; and has also resulted in improved Management Information.

In early January 2013, the Service Desk started to take calls from NCC suppliers as the first step in migrating all NCC enquiries into the Service Desk prior to the Oracle go-live. This change was implemented successfully and was followed in March with all the remaining Payments and Income enquiries going to the team.

Some of the employees who continue to support the NCC education payrolls will move into this team in the summer of 2013, and so staff numbers in the Service Desk were increased to support the run up to the Oracle go-live period.

The most popular enquiries/service requests to the FSC Service desk between September 2012 and March 2013 related to:

- Chasing Payment (22.6%)
- Incorrect Helpdesk / Redirected (11.2%)
- Telephone Payment (10.8%)
- Copy Remittance (9.2%)
- Supplier Bank Details (8.1%)

During the year the Service Desk handled a total of 35,288 enquiries.

| Month | LCC | NCC |
|---|---|---|
| April | 2,535 | - |
| May | 2,984 | - |
| June | 2,424 | - |
| July | 2,554 | - |
| August | 2,366 | - |
| September (EMSS go live) | 2,573 | - |
| October (new call logger) | 2,351 | - |
| November | 2,764 | - |
| December | 2,392 | - |
| January (NCC supplier calls added) | 3,273 | 849 |
| February | 3,124 | 575 |
| March (NCC all calls) | 3,661 | 863 |
| **Total** | **33,001** | **2,287** |
| **%** | **93.5** | **6.5** |

FSC Service Desk - Queries Received 2012/13
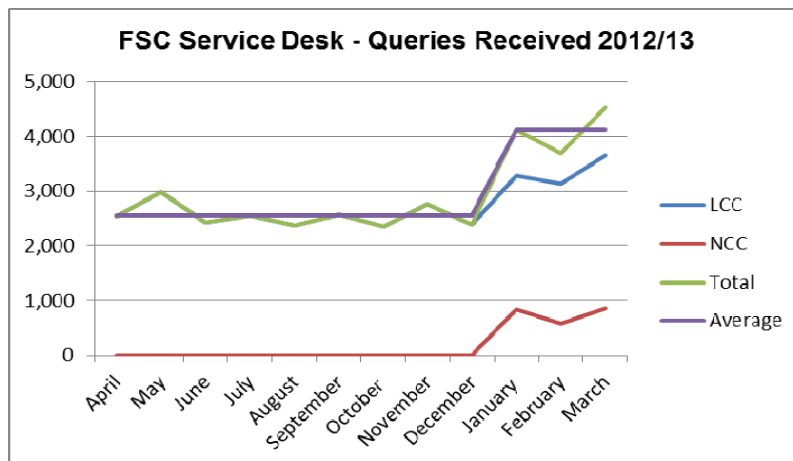
## b) Income & Debt

The LCC based staff moved to Loxley House on 1 October 2012 and a single Income and Debt team was created when these staff joined the existing NCC based team. Initial managerial and cultural difficulties were incurred in bringing the two teams together, as did the need to maintain to separate ways of delivering the services. The team also suffered from a lack of resources and faced challenges in ensuring work was completed on time. Since the autumn of 2012, the team has progressed significantly and with the support of a new manager and the recruitment of some excellent temporary staff have, on the whole, achieved their goals. Full integration of this team will only truly happen with the move to the single common Oracle platform and processes.

The key indicators for this team and the corresponding results are as follows:

| | Debt Ratio | Total Debt Outstanding | |
|---|---|---|---|
| Month | LCC only | LCC | NCC |
| Target | 4.3% | N/A | N/A |
| April | 7.3% | £6.7m | £11.96m |
| May | 6.0% | £5.8m | £ 7.97m |
| June | 5.6% | 5.4m | £12.13m |
| July | 4.3% | £4.2m | £13.38m |
| August | 5.1% | £5.0m | £14.38m |
| September (EMSS go live) | 4.0% | £3.8m | £15.29m |
| October | 3.9% | £3.9m | £10.88m |
| November | 3.1% | £3.1m | £10.11m |
| December | 5.3% | £4.9m | £ 8.63m |
| January | 3.1% | £2.9m | £14.97m |
| February | 4.5% | £3.3m | £14.38m |
| March | 8.5% | £7.7m | £25.95m |
| **TOTAL** | **5.06%** | **£56.7m** | **£160.03m** |

## c) Payments

Throughout the FSC, the Payments team has probably experienced the most disruptive time of the three teams.  The original plan was to leave the two teams in their respective locations until the delayed Oracle go-live of November 2012 and then bring them together.  However, when it became apparent that a November go-live was not achievable a revised plan was implemented.  The key challenge has been the differing approaches - LCC used a paper-based process whilst NCC has utilised scanning and manual work-flow.  The identification of a suitable mechanism to transfer the paper invoices from Leicester to Nottingham enabled the move of the LCC based employees to Loxley House from 1st December 2012.

The two teams were then created by combining the LCC based employees, with the NCC based staff, supplemented with temporary resource.  We also retained a small number of staff in LCC to assist with invoice entry and to manage the 'paper' between the sites.  This operation worked extremely effectively enabling us to maintain the LCC business as usual operations whilst concurrently training staff on Oracle and the new processes.  Resourcing the team with trained/skilled staff has been a constant issue since September because of the number of temporary staff required to fill gaps during the transition period.

The following table shows activity for the year for payments for **NCC:**

| Month | Volume of invoices received | | %age paid in 30 days | | | Duplicates payments 2012/13 | |
|---|---|---|---|---|---|---|---|
| | **2011/12** | **2012/13** | **2011/12** | **2012/13** | **Impro-ving** | **Vol** | **£000's** |
| April | n/a | 6,266 | n/a | 92% | - | 0 | 0 |
| May | 10,377 | 7,102 | 54% | 92% | Y | 0 | 0 |
| June | 9,497 | 6,504 | 70% | 93% | Y | 0 | 0 |
| July | 12,485 | 6,651 | 77% | 89% | Y | 0 | 0 |
| August | 9,892 | 6,898 | 74% | 91% | Y | 0 | 0 |
| September (EMSS go live) | 10,464 | 6,014 | 77% | 88% | Y | 0 | 0 |
| October | 9,521 | 7,215 | 79% | 89% | Y | 0 | 0 |
| November | 8,944 | 7,057 | 86% | 88% | Y | 0 | 0 |
| December | 7,301 | 6,090 | 87% | 91% | N | 1 | £11.00 |
| January | 6,787 | 6,851 | 81% | 85% | Y | 0 | 0 |
| February | 7,009 | 7,411 | 74% | 84% | Y | 2 | £5.45 |
| March | 8,464 | 6,992 | 92% | 83% | N | 5 | £1.60 |
| **Total / average** | **100,741** | **81,051** | **77%** | **89%** | **Y** | | |

The activity for payments for **LCC** during 2012/13 was:

| Month | Volume of invoices received | | %age paid in 30 days | | |
|---|---|---|---|---|---|
| | 2011/12 | 2012/13 | 2011/12 | 2012/13 | Improving |
| April | 17,330 | 14,610 | 94% | 94% | Static |
| May | 15,540 | 13,581 | 92% | 92% | Static |
| June | 15,816 | 13,210 | 93% | 94% | Y |
| July | 15,458 | 12,983 | 94% | 94% | Static |
| August | 15,076 | 14,853 | 94% | 95% | Y |
| September (EMSS go live) | 14,354 | 11,270 | 93% | 91% | N |
| October | 16,579 | 13,658 | 94% | 94% | Static |
| November | 14,758 | 13,732 | 92% | 92% | N |
| December | 14,142 | 11,341 | 94% | 95% | Y |
| January | 13,985 | 11,754 | 89% | 90% | Y |
| February | 13,390 | 10,778 | 93% | 96% | Y |
| March | 16,883 | 14,891 | 94% | 94% | Static |
| **Total** | **183,311** | **156,661** | **93%** | **93%** | Static |

## *11.   Business Development*

The Business Development Service was created with the launch of the EMSS organisation on 1 September 2012.  It consists of two elements

- Business Development team
- Systems Administration team

The two teams are overseen by a Business Development Manager.  This post has been vacant throughout 2012/13 (the new manager will commence in June 2013) with the responsibilities split during that time between the Head of EMSS and the Finance Service Centre Manager.

### 11.1  Business Development Team

The Business Development team includes four posts but has yet to have a full complement of staff:

- two Business Development Advisors have been in post since September/October with part of one post providing significant support to the Finance Service Centre preparations for the Oracle go live;
- a Management Information officer – the post-holder has not been able to take up this role because we had to retain them delivering NCC's payrolls on the Delphi system until April. They now continue to support the education payroll and so will only move to their new post in September 2013.
- An assistant – remains vacant.

Despite the lack of resource the team were involved in

- the EMSS Go Live in September, particularly in supporting relocations and the technology infrastructure
- development and ongoing maintenance of the EMSS intranet
- contributing to the Oracle Go Live including testing and resource planning for EMSS
- Supporting SLA work and events with schools in Leicestershire and Nottingham, along with the launch of a timesheet solution for LCC schools
- Providing Management information
- The multiple payroll solution for payroll control in LCC
- Reviewing of the reporting needs within EMSS
- Undertaking account manager roles with Nottingham City Homes, Leicestershire & Rutland Probation Trust
- Supporting Improvement activities with Charnwood Borough Council
- Developing promotional leaflets for the ESC & FSC.

## 11.2  Systems Administration Team

The new Systems Administration team, as envisaged under the EMSS structure, was brought together back in July 2012 under a new team leader.

The team now deals with:

- more technical customer enquiries from both councils;
- for sending all BACS payment files from both councils;
- are involved in Oracle System, UAT & Regression Testing;
- maintain and support key systems, applications and processes; and
- support procurement activities across both councils including training.

The creation of this team has had only a limited visibility outside of EMSS as the team continued to provide business as usual support to LCC up to September 2012.  This remained much the case until the go live of Oracle in April 2013 when the team commenced their role of providing support to NCC.

Maintaining business as usual activities particularly in the latter part of 2012/13 concurrently to providing significant resources to the EMSS Programme and managing the significant staff changes following the move towards the EMSS organisational model has meant that, at times, workloads have been considerable and not always completed within the Service Levels agreed. However, no significant issues have arisen during the year and no formal complaints have been received from LCC concerning the processing times or standard or work produced.

The team have had to manage issues around knowledge and skills gaps partly due to changes in job roles and partly due to adopting a new approach of ensuring that more than one person has knowledge of particular activities.  This has placed greater pressure on some of the team during this past year and it has been pleasing to see that those affected have, on the whole, risen to and met this challenge well.

In October, the team implemented the new call logging software OTRS which has transformed the way they work, manage calls (and emails) and has provided greater transparency in dealing with workloads.  It has also improved the Management Information that is available which is supporting better performance monitoring.  The following table shows the volume of enquiries received for LCC only since the introduction of the new system – this does not present the whole picture as other enquiries were being captured through LCC's ICT helpdesk.

| Month | LCC only |
|---|---|
| October | 41 |
| November | 352 |
| December | 380 |
| January | 565 |
| February | 536 |
| March | 539 |
| **Total** | **2,413** |

## *12.  Other Achievements*

Throughout the year EMSS has been subject to audit reports and these are summarised below:

**a)  Comparison of Audit where previously undertaken:**

| Source | Subject | Date | Previous Finding | Current Finding | RAG |
|---|---|---|---|---|---|
| LCC | Electronic IRS 12/13 | Nov-12 | Substantial Assurance (May 12) | Substantial Assurance | G |
| LCC | Payroll 11/12 | Jun-12 | Substantial Assurance (mar 11) | Substantial Assurance | G |
| LCC | PWC Joint Audit Payroll General Ledger 12/13 | Apr-13 | Substantial Assurance (May 12) | Substantial Assurance | G |
| LCC | Teachers Pension Scheme Annual TR17 Return 11/12 | Aug-12 | Substantial Assurance (Jul 11) | Substantial Assurance | G |
| NCC | Accounts Payable 12/13 | Feb-13 | Split Opinion - Limited/Significant Assurance (Mar 12) | Significant Assurance | G |
| NCC | Main Accounting Report 12/13 | Feb-13 | High Assurance (Mar 12) | High Assurance | G |
| NCC | Payroll 12/13 | Apr-13 | Limited Assurance (Jan 12) | Substantial Assurance | G |
| NCC | Sundry Income 2011-12 Resources | Apr-12 | Limited Assurance (Mar 11) | Limited Assurance | A |

**b)  New Audit reports 2012/13 (i.e no comparison exists)**

| Source | Subject | Date | Finding | RAG |
|---|---|---|---|---|
| EMSS | EMSS Transitional Process - Business Continuity Plans | Apr-12 | Significant Assurance | G |
| LCC | Academy Conversions | Aug-12 | Substantial Assurance | G |

| Source | Subject | Date | Finding | RAG |
|--------|---------|------|---------|-----|
| LCC | Employee Records - Rechecking of CRBs & HCPC Registrations 12/13 | Mar-13 | Substantial Assurance | G |
| LCC | Pension Fund Contribution Changes | Aug-12 | Partial Assurance | A |
| NCC | Recruitment Counter Fraud 2012-13 | Jul-12 | Limited Assurance | R |
| NCC | Salary Overpayments 2011-12 | Apr-12 | Limited Assurance | A |

## 13.  *Financial Review*

### Revenue Outturn 1<sup>st</sup> September 2012 to 31<sup>st</sup> March 2013

The following table shows the Financial Outturn for East Midlands Shared Service for 2012/13:-

| | Budget Sept-Mar £m | Actual Sep-Mar £m | Variance Sep-Mar £m |
|---|---|---|---|
| **Staffing** | | | |
| Management and Business Development | 0.488 | 0.431 | (0.057) |
| Employee Service Centre | 1.313 | 1.231 | (0.082) |
| Finance Service Centre | 0.705 | 0.660 | (0.045) |
| Transitional Resources funded from vacancy savings | 0 | 0.150 | 0.150 |
| **Sub-total Staffing** | **2.506** | **2.472** | **(0.034)** |
| | | | |
| **Non-Pay** | | | |
| Oracle and Other Technology | 1.181 | 1.165 | (0.016) |
| Other Supplies and Services | 0.127 | 0.182 | 0.055* |
| **Sub-total Non-pay** | **1.308** | **1.347** | **0.039** |
| | | | |
| **Income** | | | |
| Schools/Academies | (0.700) | (0.727) | (0.027)* |
| Other Income | (0.346) | (0.358) | (0.012)* |
| **Sub-total Income** | **(1.046)** | **(1.085)** | **(0.039)** |
| | | | |
| **GRAND TOTAL** | **2.768** | **2.734** | **(0.034)** |

Variances:

Staffing:   The underspends relate to vacancies within the permanent staffing structure, some of which have now been filled.

NonPay:   * The majority of the overspend on supplies and services relates to additional expenditure on CRBs - however this has been off-set by additional income.

## Savings

The following table shows the year end position for the EMSS savings:

| | 2013/14 £m | 2014/15 £m | 2015/16 £m |
|---|---|---|---|
| **SAVINGS** | | | |
| **1. Target** | 1.020 | 1.610 | 2.020 |
| **2. Delivered** through new structure | 1.240 | 1.240 | 1.240 |
| | | | |
| **Target less delivered** | **(0.220)** | **0.370** | **0.780** |

# 2013-14 – Looking Forward

## 14.  Strategic Objectives

2013-14 will see EMSS transition through two strategic phases

(a) **Phase 1 - establishing EMSS** – the go live of the Oracle system will see the final phase of the establishment of EMSS.  This will conclude in the autumn of 2013 following the transition of NCC's education payroll onto the Oracle platform in August.

(b) **Phase 2 - stabilisation** - the focus will be on embedding people, systems and processes to strength the organisation and secure the delivery of further savings along with preparations for the final strategic phase envisaged by the Business Plan i.e growth.

The priorities and improvements which will support this approach include:

| The Best Provider : | 1. Strengthen EMSS as an organisation with a strong identity and cultural focus and clearly defined USP by 31/3/14<br>2. Communications Strategy by 31/7/13<br>3. Robust Governance arrangements in place by 1/9/13 including monthly operational meetings from May 2013<br>4. Supplier framework with SLAs in place 30/9/13<br>5. Work with LCC & NCC to identify, by 31/3/14, opportunities for other services/processes to come within EMSS<br>6. Service / product portfolio in place 30/10/13<br>7. Develop a marketing strategy by 31/12/13<br>8. Better understand our competition by 31/12/13 by developing a database including benchmarking data |
|---|---|
| **Quality : ensure EMSS is delivering quality services** | 9. Robust performance monitoring in place which shows objectives and service standards including customer satisfaction are being met – EMT reviewing monthly from 1/7/13, reporting to JC & Op Board quarterly from 1/9/13<br>10. ESC (a) retention rate of customers is high (b) employee records – tbc (c) Quality assurance – payroll and employee records by 31/7/13<br>11. FSC – Quality assurance approach in place (a) Accounts Payable by 31/7/13 (b) Accounts Receivable by 30/9/13<br>12. Account management role formalised 30/8/13<br>13. High quality, efficient processes in place across EMSS by 31/3/14 including detailed process catalogue<br>14. Service Level Agreements in place with LCC & NCC by 1/9/13 |
| **Affordable:** | 15. Strategy for delivering 2014/15 savings/income (gap = £370k) is in place 30/9/13<br>16. Structural changes to deliver savings: (a) Drafted – 30/9/13 (b) Consultation – 30/11/13 (c) Implement from 1/4/14<br>17. Transition staff (a) exit strategy in place by 31/5/13 (b) staff exited, |

| | |
|---|---|
| | in the main, by 31/12/13 |
| | 18. The actual costs of providing EMSS services are known by 30/9/13 |
| | 19. Review the actual costs compared to charges and identify future strategy by 31/12/13 |
| **Resilient - Employees & ICT** | 20. The Oracle go live period/transition is (a) well managed by 31/5/13; (b) Concessions implemented by 31/5/13; (c) NCC education payroll implemented by 15/9/13. |
| | 21. ICT investment plan in place 30/11/13 |
| | 22. Improvements are robustly / efficiently managed by 31/7/13 |
| | 23. ESC (a) Recruitment portal in place by 30/10/13 (b) academy interface by tbc (c) Real Time Information by 6/8/13 (d) NCC Living wage by tbc |
| | 24. FSC (a) electronic supplier invoice portal by 31/3/14 (b) Advance collections by 31/7/14 (impacted by Oracle upgrade and resource constraints) |
| | 25. People Strategy and L&D Plan in Place by 30/9/13 |
| | 26. Robust staffing metrics e.g. sickness absence, turnover by 1/9/13 |
| | 27. Business Continuity Planning – plan in place by 30/9/13 |

These priorities will be implemented across the EMSS organisation.  Each service will be involved in different aspects of their delivery and this is described in more detail in the following sections.


## *15.  Across the Organisation*


### 15.1  Our Culture

The strategic priorities that will impact across the organisation, which the EMSS Management Team will lead on implementing, are described in this section.   One of the key deliverables for the EMSS Management Team during 2013-14 will be to strengthen EMSS as an organisation. In doing so the emphasis will be on building an organisation that has a strong identity that is founded in the vision – delivering quality, affordable and resilient services.

We will be striving to create an organisation where the culture is:

- Focussed on **accountability** with individuals and teams having clear objectives;
- where successful **performance** is recognised and non-performance is robustly managed;
- one of **engagement** so that everyone involved in EMSS – customers and employees – has a visible and direct influence on the success of the organisation.


### 15.2  Our Unique Selling Point

EMSS's success, particularly in terms of future growth, will depend not only on our ability to deliver quality but also in securing a reputation for being a **provider of choice** – both for existing customers who pro-actively chose to stay with us and for new customers who take the decision to procure EMSS's service moving forward.  To facilitate this we will emphasise our

Unique Selling Point (USP) which, as identified in the Business Plan, 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 provision. 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.

In summary, our USP is that we are

"providing public sector expertise through a
resilient, shared people and technology platform"


## 15.3  EMSS Management Team priorities

The Management Team's collective objectives to support the delivery of the Business Plan include:

- Ensuring services are of **high quality**, supported by robust performance monitoring and informed by customer feedback;
- Delivering **savings** through structural changes, process reviews and implementing improvements;
- Developing EMSS's **reputation** within LCC, NCC, other existing customers as well as locally and regionally;
- Having clear **investment and development** plans for our key resources – People & ICT; and
- Starting to develop the **potential to grow** the business by having a marketing strategy and strong data about our competitors.


## 16.  *Employee Service Centre*

The Employee Service Centre's priorities for 2013-14 include:

- Embedding the changes from the Oracle go live in April 2013;
- Improving service delivery for key customers including schools, academies and Charnwood Borough Council to ensure we retain their business;
- Having regular operational meetings with both councils to review performance and agree future issues which will impact on service delivery;
- Implementing new technology to support service delivery including a new recruitment portal and an interface between the systems used by academies and Oracle;
- Responding to national changes such as Real Time Information for the HMRC;
- Using the Oracle functionality for NCC's education payroll and an integrated timesheets solution for schools/academies;

- Having a clear strategy in place to achieve the efficient electronic management of Employee Records for both LCC & NCC

## 17.   Finance Service Centre

The Finance Service Centre's priorities for 2013-14 include:

- Embedding the changes from the Oracle go live in April 2013;
- Having regular operational meetings with both councils to review performance and agree future issues which will impact on service delivery;
- Working with the EMSS Programme to implement the agreed concessions including an interface between Oracle and NCC's Revenues & Benefits system;
- Implementing new or expanding the use of existing technology to support service delivery including electronic invoicing and advanced collections (Oracle module)
- Ensuring a robust approach is in place for quality assurance/control in the Service Desk, Income & Debt and Payments Teams;
- Develop our resilience and resources by training staff in all aspects of their current team and moving staff between teams to multi-skill the workforce.

## 18.   Business Development

The Business Development Team will support the strategic development of EMSS by taking a lead role in the following activities.  In essence the Business Development team will support EMSS in (a) being fit for purpose by ensuring key business internal processes and approaches are in place and (b) actively supporting the growth of the business:

- Developing a communications strategy;
- Facilitating robust performance reporting;
- Supporting the development of a marketing strategy;
- The adoption of consistent Customer Services standards across EMSS;
- Reviewing the actual costs of our services and comparing them to the charges we make;
- Information Management including EMSS's intranet and internet sites, process catalogues, reporting, and key databases including on competitors and benchmarking data;
- Implementing SLAs for all of our Suppliers;
- Leading for EMSS, the contribution to the upgrade of the Oracle system; and
- Strengthening our approach to Business Continuity Planning.

## 19.   Financial Forecast 2013/14 to 2017/18

Since the report to EMSS Joint Committee in January, further work has been undertaken to understand the budgets within NCC and LCC that should transfer to EMSS. An updated budget position for 2013/14 and forecast for future years is shown below:

|  | 2013/14 £m | 2014/15 £m | 2015/16 £m | 2016/17 £m | 2017/18 £m |
|---|---|---|---|---|---|
| **Staffing** | | | | | |
| Management and Business Development | 0.755 | 0.755 | 0.755 | 0.755 | 0.755 |
| Employee Service Centre | 2.251 | 2.251 | 2.251 | 2.251 | 2.251 |
| Finance Service Centre | 1.208 | 1.208 | 1.208 | 1.208 | 1.208 |
| **Sub-total Staffing** | **4.214** | **4.214** | **4.214** | **4.214** | **4.214** |
| | | | | | |
| **Non-Pay** | | | | | |
| Oracle and Other Technology | 1.364 | 1.364 | 1.364 | 1.364 | 1.364 |
| Other Supplies and Services | 0.219 | 0.219 | 0.219 | 0.219 | 0.219 |
| **Sub-total Non-pay** | **1.583** | **1.583** | **1.583** | **1.583** | **1.583** |
| | | | | | |
| **Income** | | | | | |
| Schools/Academies | (1.245) | (1.245) | (1.245) | (1.245) | (1.245) |
| Other Income | (0.613) | (0.613) | (0.613) | (0.613) | (0.613) |
| **Sub-total Income** | **(1.858)** | **(1.858)** | **(1.858)** | **(1.858)** | **(1.858)** |
| | | | | | |
| **Unallocated Savings Target** | **0** | **(0.370)** | **(0.780)** | **0** | **0** |
| | | | | | |
| **NET FORECAST COST OF EMSS (Excl. Internals)** | **3.939** | **3.569** | **3.159** | **3.159** | **3.159** |
| Support Services and Overhead Charges | 0.938 | 0.891 | 0.825 | 0.825 | 0.825 |
| Internal Recharge Income | (0.833) | (0.833) | (0.833) | (0.833) | (0.833) |
| **TOTAL NET FORECAST COST OF EMSS** | **4.044** | **3.627** | **3.151** | **3.151** | **3.151** |

Assumptions and Notes
1. Inflation related increases to pay and non-pay budgets will be met from increased NCC/LCC contributions
2. Future redundancy will be met from original transition budget and once exhausted will be split 50:50 between NCC/LCC.
3. In response to the go live of the Oracle system on 1 April 2013 and because implementation will be completed following the transition of the NCC education payroll onto Oracle at the end of July 2013, the Programme transition budget will continue to be used to funding temporary transition staff during 2013/14 with a current forecast of £229K.
4. The Programme transition budget will continue to be used to fund temporary transition staff during 2013/14.
5. Any decrease in income that cannot be met by a corresponding decrease in associated expenditure will increase future savings targets for EMSS
6. Once plans to meet future savings targets have been identified, these will be allocated across the correct budget headings.
7. The income figures for LCC & NCC are under review and therefore subject to change
8. Current and imminent reviews of support services and internal income recharges are likely to alter the figures shown for these headings.  Figures shown are subjective estimates.

The savings target for 2013/14 of £1.02m and £1.24m have been met.  Detailed plans for the delivery of the remaining savings (2014/15 = £370k and 2015/16 = £780k) will be drawn up in the coming months.


## 20.   Risk Management

The key risks which EMSS will be exposed to during 2013/14 include:

| Risk | Mitigation |
|---|---|
| Failure to deliver services (reputational/operational risk). Critical areas include<br>• payroll<br>• paying suppliers<br>Other areas of importance involve:<br>• receiving income<br>• employee records management (inspection related),<br>• recruitment<br>• poor quality advice / service | Risk will arise because of<br>a) ICT failure/poor performance mitigated by Service Level Agreements & Business Continuity Planning<br>b) Employee failure / poor performance mitigated by line management, quality controls, appraisals/121s, learning & development plan<br>c) Lack of employee capacity particularly whilst key projects (concessions, education payroll, Real Time Information, Oracle upgrade) are ongoing. Mitigated by transition resource, resource planning, prioritising projects/improvements, introducing project management.<br>d) Technology issues which make it difficult to respond quickly to the national agenda for schools/academies including performance related pay (being introduced in September 2013) |
| Failure to deliver savings (financial/reputational risk) | 2013/14 savings have been delivered. 2014/15 & 2015/16 savings to be delivered – mitigated by the availability of detailed plan by 30 September 2013, with regular monitoring by the Operational Board & Joint Committee. This will be supported by a review of processes to ensure standard approach across LCC/NCC and a review of service costs compared to charges. |
| Services are not delivered to a high quality (reputational / financial risk) | Robust performance monitoring in place throughout EMSS with regular reports to Operational Board & Joint Committee; account managers implemented; customer feedback secured on regular basis. |

## 21.  Our Suppliers

The EMSS Partnership agreement allows for each council to provide services to EMSS. During 2013/14 we will be developing service level agreements for each of these and ensuring that other suppliers outside of the two councils are also subject to robust monitoring arrangements.