

## **East Midlands Shared Services Joint Committee**

**Minutes of the meeting held at Loxley House, Nottingham on 16 September 2024 from 10.30 am - 11.27 am**

### **Leicestershire County Council**

- ✓ Councillor Lee Breckon (Vice Chair)
- ✓ Councillor James Poland

### **Nottingham City Council**

- ✓ Councillor Linda Woodings (Chair)
- ✓ Councillor Pavlos Kotsonis

### **Colleagues, partners and others in attendance:**

Susan Baum	- Finance Business Partner (LCC)
Rajeev Dasgupta	- Interim Head of Audit and Risk (NCC)
Parama Datta	- Interim Head of Internal Audit (NCC)
Simone Hines	- Assistant Director Finance, Strategic Property and Commissioning (LCC)
Lee Mann	- Strategic Director of HR and EDI (NCC)
Elaine Simpson	- Head of East Midlands Shared Services
Jill Turner	- Business Development Manager, East Midlands Shared Services
Phil Wye	- Governance Officer (NCC)

### **Call-in**

Unless stated otherwise, all decisions made by the East Midlands Shared Services Joint Committee are subject to call-in. The last date for call-in is 25 September 2024. Decisions cannot be implemented until the next working day following this date.

## **10 Membership**

**Resolved to note that Councillor James Poland has replaced Councillor Peter Bedford as representative for Leicestershire County Council on the joint committee.**

## **11 Apologies for Absence**

Shabana Kausar

## **12 Declarations of Interests**

None.

## **13 Minutes**

The minutes of the meeting held on 24 June 2024 were confirmed as a correct record and signed by the Chair.

The requested meeting to discuss and develop an updated 4 year vision and strategic plan for EMSS has not taken place and needs to be held before the end of September 2024.

#### **14 East Midlands Shared Services - Internal Audit Update**

Rajeev Dasgupta, Interim Head of Audit and Risk, presented the report providing the Joint Committee with an update on East Midlands Shared Service (EMSS) 2023-24 Internal Audits, including the Interim Head of Audit & Risk's annual opinion, and seeking approval for the 2024-25 EMSS Audit Plan, highlighting the following:

- (a) for 2023-24, Nottingham City Council (NCC) has not been able to ensure that the adopted principles contained in the Public Sector Internal Audit Standards (PSIAS) have been consistently adhered to, due to resource constraints within NCC more broadly which has also impacted the Internal Audit (IA) function. This situation is being addressed with interim senior resources in the near term, and a review and restructure of the NCCIA function is currently ongoing to identify and initiate longer term improvements;
- (b) based on the audit work undertaken for EMSS for 2023-24, a moderate level of assurance can be given regarding the operating effectiveness of the internal control systems reviewed at EMSS, and no significant issues have come to light through the audit procedures performed. Whilst there remains scope for substantial improvements to be made, the overall direction of travel from 2022-23 to 2023-24 across the four audits completed is sufficient to warrant a moderate level of assurance;
- (c) NCC has started engagement with external Public Sector Internal Audit Standards (PSIAS)-compliant vendors to assess and secure options to deliver the 2024-25 audit plan for EMSS in a satisfactory and timely manner. The delivery schedule is dependent on NCC's ability to secure satisfactory capacity augmentation by October 2024; NCCIA will keep their EMSS and LCC counterparts updated in case of any foreseeable delays.

The following comments were made during the discussion which followed:

- (d) resources are currently not sufficient within NCC to deliver a full EMSS audit for 2024-25. Additional resources for audits for 2025-26 and beyond will also need to be sourced, whether this is internal or external, and NCC officers are fully aware that this will incur costs. Value for money will need to be assured;
- (e) timeframes for the audits are provided in the audit plan rather than numbers of days required, as the work will need to be done within the given timescales.

#### **Resolved to**

**(1) note the completion of the audit plan for 2023-24, the Interim Head of Audit & Risk's opinion, and the rationale and explanation for the opinion;**

**(2) Approve the 2024-25 EMSS Audit Plan**

Reason for decision:

- To provide assurance to the Joint Committee that EMSS has appropriate audit arrangements in place.

Other options considered:

- None.

## **15 East Midlands Shared Service Performance Report 2024/25**

Elaine Simpson, Head of East Midlands Shared Services, presented the report providing the Joint Committee with a summary of the performance of East Midlands Shared Service (EMSS) during Q1 2024-25, highlighting the following:

- (a) to date it has not been possible to arrange the discussions needed with partners to set the strategic priorities for EMSS to support a new Strategic Plan. Work continues to resolve these questions in time for the budget setting process but if decisions have not been made these may need to be made at the December Joint Committee meeting;
- (b) the biggest Oracle project was the implementation of the seeded absence solution. This work has gone well and will be live for the July payroll. The new system is working well, and no issues were reported;
- (c) the completion of the Oracle Guided Learning (OGL) has recommenced. Key activities include ensuring that all those who received training last year are brought back up to speed. Implementation is scheduled for August;
- (d) the implementation of Redwood, the new look and feel for Oracle is still on-going. The new pages will become mandatory in early 2025, and currently affect payroll and HR, procurement and supplier set-up;
- (e) customer satisfaction is down to 80% (from 83% last quarter) driven by drops in satisfaction rates for both the Employee Service Centre (ESC) and Finance Service Centre (FSC). These downturns will be the result of the impact of year end activities which always bring increased workloads and query levels;
- (f) the ESC started the new financial year in a good position, able to deliver a robust and consistent payroll service. This is evidenced in the fact that the team is now a day early against the internal target in running the BACS process. This was not the position in the previous year. The feedback from the account meetings remains positive;
- (g) debt collection has gone from strength to strength since bringing it in house from an external contractor. Past due debt continues to fall. The final phase of the in-sourcing (individuals) was completed in May 2024, this is the latest and final phase, completing the project to bring the collection of all sundry debt in house;
- (h) the FSC is also working on a current project to introduce paperless direct debit setup, not only will this ensure that all bank details are electronically verified, it removes the manual keying element. The new process will allow direct debit to be set up in minutes which will be a key driver for improving the customers' experience and will help reduce the risk of non-payment. The business case for this project has been approved by LCC, but still

requires approval from NCC.

## **Resolved to note the performance of East Midlands Shared Services for Quarter 1 2024-25**

Reason for decision:

- To receive the performance of EMSS for Q1 2024-25

Other options considered:

- None, as EMSS is required by the Partnership agreement to provide performance updates to Joint Committee.

## **16 East Midlands Shared Services Financial Outturn Position 2024/25 and Medium Term Financial Plan 2025/26-2028/29**

Susan Baum, EMSS Finance Business Partner, Leicestershire County Council, presented the report providing the Joint Committee with an update on the financial performance of the EMSS and Oracle/ICT spend for the financial year 2024-25 (as at July 2024) and use of reserves, highlighting the following:

- (a) the overall forecast outturn position for EMSS at the end of July (period 4) is £5.52 million, which represents an underspend of £122,000 (or 2.2%) against the approved budget for the year;
- (b) it should be noted that the forecast outturn assumes a provision of 6% (£239,000) for the pay award. The employers opening and “full and final” offer is a flat rate of £1,290 for all employees below grade 13 (pro rata for part-time employees) and 2.5% for grades 14 and above. Including on-costs this is estimated to cost £176,000 based on budgeted staffing establishment and is currently within the provision available. Expectations are this offer will be rejected, with negotiations ongoing. Consequently, there remains a risk that the final award may be higher than the provision made in the budget for 2024-25;
- (c) historically, reserves were available to fund redundancy and settlement costs, invest to save initiatives, exceptional operational demand and/or IT expertise to advise on development and process improvements. With the level of the reserve depleting below best practice, the Joint Committee approved at its meeting in June 2022 the removal of the reserve and agreed that the EMSS will be treated as any other internal service within each partnering authority.

### **Resolved to**

- (1) note the forecast outturn position of EMSS for 2024-25 as at the end July 2024, reporting an underspend of £122,000. Expected reimbursement to each partner authority is £61,000;**
- (2) note the reserve position;**

**(3) note the spend against additional earmarked funding for completing the Fit for the Future programme and stabilising the Employee Service Centre and HR/Payroll System.**

Reason for decisions:

- To receive the latest forecast outturn position of the EMSS for the financial year 2024-25; an update on the reserve position; and acknowledge the spend against additional earmarked funding separate to the EMSS partnership contribution - approving any additional funding requirements.

Other options considered:

- The requirement to provide financial outturn position to the Joint Committee is a key part of the financial management process and therefore, no other options were relevant.