

EastMidlandsSharedServices

Delivering quality, affordable and resilient
support services to the public sector



East Midlands Shared Services

[Draft] Medium Term Financial Plan

2025/26 – 2028/29

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Introduction

1. The Purpose of the Medium Term Financial Plan (MTFP)

- 1.1 The MTFP is a key part of the East Midlands Shared Services' (EMSS) policy framework. It describes the organisation's financial direction and associated financial pressures over a four-year period, which will be reviewed annually to reflect the dynamic nature of funding in local government.
- 1.2 The plan establishes the likely level of resources, funding and income required by EMSS over the medium term. It will improve financial planning and strategic financial management through providing the financial context within which the EMSS budget is set.
- 1.3 The MTFP also allows for consideration of EMSS' reserves policy and the level of reserves to ensure that there is adequate protection against unforeseen events or costs.

2. The principles of the MTFP

- 2.1 The overarching principles that will apply across the East Midlands Shared Service's detailed financial accounting, planning and monitoring are:
 - a) that the East Midlands Shared Service's budgets, financial records and accounts will be prepared and maintained in line with approved Accounting Standards;
 - b) prior to setting a budget, the East Midlands Shared Service will always analyse potential risks and ensure these are minimised in line with its Risk Management Strategy;
 - c) that the East Midlands Shared Service's Leadership Team will review the budget proposals for reasonableness and adherence to corporate policies and objectives prior to the budget being submitted to Joint Committee;
 - d) the East Midlands Shared Service will monitor its budgets effectively. Monitoring will be undertaken monthly by the Head of East Midlands Shared Services together with their service managers, and to enable scrutiny of spend and the forecasts, discussed with the finance leads for EMSS in both Councils. Integrated monitoring reports will be reported to Joint Committee on a regular basis. In cases of significant financial and service performance that deviates from that planned, action plans setting out corrective action will be drawn up by the Head of East Midlands Shared Services and reported to Joint Committee as appropriate;

- e) that the East Midlands Shared Service’s Leadership Team will take appropriate steps to continue to maintain and improve the accuracy and quality of data that it uses thereby ensuring that budget and other decisions are taken on a sound basis;
- f) the Council will seek to maximise external contributions towards revenue for example through bidding for new business, participating in new funding streams and engaging in further strategic partnering opportunities where appropriate; and
- g) that East Midlands Shared Service is not a profit-making entity. Action is taken to mitigate avoidable costs; however unavoidable costs will ultimately need to be funded by the partnership.

3. Understanding the EMSS Operational Costs

3.1 The overall budget for the EMSS is split into two separate elements:

3.1.1 The **Operational Costs**, which consists of services provided by the Employee and Finance Service Centres and the Business Support Team.

3.1.2 Each service manages its own budget and is responsible for budgeting and forecasting the staffing, running costs, and income on a yearly basis. Table 1 below provides a summary of the operational costs for the three services and overall, since 2021/2022.

Operating Costs (Actuals)			
	2021/22	2022/23	2023/24
Income			
FSC	-£57,336	-£70,417	-£57,826
ESC	-£1,666,103	-£1,787,543	-£1,346,629
Mgt/Business Devt	-£40,900	-£17,098	-£12,792
Total	-£1,764,339	-£1,875,058	-£1,417,247
Staffing Costs			
FSC	£1,024,617	£1,064,266	£1,147,664
ESC	£2,622,572	£2,771,940	£2,241,443
Mgt/Business Devt	£379,484	£336,453	£320,393
Total	£4,026,673	£4,172,659	£3,709,500
Running Costs			
FSC	£378,067	£311,107	£276,519
ESC	£132,340	£133,216	£786,566
Mgt/Business Devt	£93,565	£1,271	£1,482
Total	£603,972	£445,594	£1,064,567
Total Operational Cost	£2,866,306	£2,743,195	£3,356,820

Table 1: EMSS operational cost for the period 2021/22 to 2023/24

3.1.3 The **Oracle / ICT costs** cover the Oracle Fusion system and support across the partnership as well as smaller hardware and software costs required to deliver the service, e.g., the Freshserve system which manages customer queries.

3.1.4 Table 2 shows the Oracle/ICT costs incurred over the last three years:

	Operating Costs (Actuals)		
	2021/22	2022/23	2023/24
ICT Ongoing	£1,787,202	£1,889,268	£2,256,876

Table 2: EMSS ICT Ongoing cost for the period 2021/22 to 2023/24

4. How is EMSS funded?

4.1 The East Midlands Shared Service were allocated a budget for 2024/25 of £5.64 million.

4.2 EMSS is funded by the two partners of Nottingham City Council (NCC) and Leicestershire County Council (LCC). For 2024/25 the partnership funding contributions are £3,133,251 (or 55.52%) by NCC and £2,509,774 (or 44.48%) by LCC towards the overall net cost.

4.3 These allocations are based on the original (as-is) pooled budget contributions to the EMSS by LCC and NCC in 2010/11, amended according to whether subsequent changes to costs/income are a) on-going or one-off and b) a direct cost to a specific partner or shared.

4.4 Where costs are on-going, the budget contributions are adjusted to incorporate the ongoing change in the cost/income, with partner contributions being flexed according to whether they relate to one or both parties. One-off budget costs are outside the partnership contribution but will form part of the overall EMSS budget allocation. As per the on-going costs these will be assigned to one or both partners depending on the funding agreement. Further adjustments are made at the end of the financial year to apportion any variation to the budget on an equal 50:50 split, ensuring the percentage split of the partnership contribution for the year remains the same.

4.5 The following general principles are applied in actioning adjustments arising from changes in costs/income to the budgeted partnership contributions:

- **Savings:** shared on an equal split 50:50 between partners
- **Inflation:** shared on an equal split 50:50 between partners
- **Oracle licenses:** as a direct cost are assigned to each authority in accordance with agreed consumption. The cost of any spare licences is shared 50:50.

- **Running costs:** due to the requirement to share savings these will be assigned on an equal 50:50 split between partners where joint benefit, otherwise assigned directly (100%) to respective party.
- **Partner income:** this represents 'internal' income to recover the direct cost incurred by each partner and as such is assigned direct (at 100%) to the respective party. A reduction in income will result in an increase in the partner's contribution and an increase in income will result in a decrease in the partner's contribution.
- **External income:** generated by the EMSS therefore any change is shared on an equal 50:50 split between partners to maintain the share of savings.
- **Transfer of services:** where services are assigned from EMSS to a partner the costs are transferred, and the receiving partner's contribution will be reduced by the corresponding amount (at 100%). Alternatively, where a service transfers from a partner to EMSS, the transferring partner's contribution will be increased by the corresponding amount (at 100%).
- **Write-offs:** if EMSS make an error resulting in financial loss e.g., incorrect payment to an individual which cannot be recovered following legal proceedings, the relevant partner will be liable for the loss. If it involves an external customer, the partners will be liable for a 50:50 share.
- **Fraud:** any loss due to fraudulent activity will be funded by the partner organisation impacted.

4.6 The basic charging principles and financial arrangements associated with EMSS are contained in section 8 of the EMSS Sealed Agreement (30th September 2011).

4.7 The reason for the different percentages is that the two partners contributed different amounts of funding at the outset, and the Oracle licences were distributed differently.

4.8 No reserves are held, although it may be necessary on occasion to apply the use of a reserve to manage the timing of committed payments between financial years. Additional cost pressures will be addressed as part of the usual course of business.

5. Financial Operating Context

5.1 *Detail to follow in final version of MTFP. Will reflect the latest information on the operating context for both Councils.*

6. Strategic Context for EMSS

6.1 The priorities within the Strategic Plan for EMSS 2022-2025 remain applicable. These were informally discussed with both LCC & NCC at the Sponsors meeting on 24th September 2024 but have not yet been formally agreed. EMSS are looking to engage with both NCC and LCC to review the strategic plan before March 2025 and ensure that its priorities are

still on track. This will require commitment from both partners in order to agree priorities which include:

- Deliver a great experience for all users, with systems and processes that are intuitive, easy to use, and digitally-enabled. (Customer)
- Deliver quality, affordable services (Operations)
- A supportive and flexible work environment, encouraging creative problem solving, continuous professional development and career opportunities (People)
- Deliver value for money through improved systems, services and processes; which support enhanced productivity and reduce overall costs. (Finance)
- Leveraging technology to deliver existing services securely and reliably and supporting improvement and growth within service areas. (Technology)
- Expand our service portfolio for the partners. (Growth)

6.2 The EMSS Strategic Plan for 2025-2029 will be developed within the financial context of both Councils and their vision and priorities for EMSS in the short to medium term. Work is underway to determine the key themes and priorities for the shared service over the next four years.

7. EMSS 2024/25 Forecast Financial Outturn Position

7.1 The overall forecast outturn position for EMSS as at end September 2024 (period 6) is £5.52 million, which represents an underspend of £123 thousand (or 2.2%) against the budget for the year. Table 3 below provides a summary of the 2024/25 forecast outturn position by service.

EMSS	Financial Summary By Cost Centre	2024/25 Budget	2024/25 Forecast	Variance
62203	Finance Service Centre (FSC)	£1,435,890	£1,379,328	−£56,562
62204	Employee Service Centre (ESC)	£1,758,682	£1,740,748	−£17,934
62205	Mgt & Business Development	£368,474	£339,803	−£28,671
EMSS Operational Costs		£3,563,046	£3,459,879	−£103,167
62202	ICT ongoing	£2,079,978	£2,060,350	−£19,628
EMSS Total		£5,643,024	£5,520,229	−£122,795
Additional Charge (-) / Reimbursement to Partn		£0	£122,795	£122,795
Partnership Contribution		£5,643,024	£5,643,024	£0

Table 3: Financial Forecast Outturn Position for the year 2024/25

7.2 Reasons for the underspend reported is explained as follows:

- Finance Service Centre (FSC) - forecasting a £57 thousand net underspend. Underspend on staffing due to maternity cover at lower spinal point and other staffing changes (£71 thousand) offset by overspends on Keflon implementation costs (£2 thousand) and paperless Direct Debit implementation (£12 thousand).

- Employee Service Centre (ESC) – forecasting a £18 thousand net underspend. Underspend on staffing (£23 thousand), increased income for DBS (£28 thousand) and recruitment (£8 thousand) offset by overspend consultancy fees (£5 thousand), printing (£14 thousand), Visio and Assure licenses (£12 thousand), DBS subscriptions (£6 thousand), postage (£3 thousand), and IT equipment (£1 thousand).
- Management & Business Development – forecasting £29 thousand underspend on staffing costs following recruitment to the Head of EMSS position at a lower grade.
- ICT On-going - forecasting £20 thousand underspend as a result of managed vacancies to support the wider organisation and budget, together with reduced overtime costs.

7.3 Included in these forecasts is the assumed pay award provision at 6% for 2024/25, which totals £239 thousand. Negotiations have subsequently ended, with the employers opening and “full and final” offer of 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 being agreed. The estimated cost of this amounts to £176 thousand. Resultantly a further £63 thousand saving is anticipated, which will bring the revised underspend to £186 thousand (or 3.3%) against the approved budget provision.

7.4 In recognition of the revised underspend position, it is forecast each partner will receive a reimbursement of £93 thousand.

7.5 Legacy redundancy costs associated with ESC restructure during 2023/24 amount to £4 thousand. These are being treated separately to the partnership contributions and will be split 50:50 between partners.

8. Reserve Position

8.1 Table 4 provides a summary of the current projected movements in reserve with a view to clearing the remaining balance by 31st March 2025.

EMSS Total Reserves	
Opening Balance	£104,600
Deposits into reserves:	
Available reserves	£104,600
Use of reserves:	
Seeded Absence Project	-£104,600
Forecast Use of Reserves	-£104,600
Closing Balance	£0

Table 4: Projected balance on EMSS reserve on 31st March 2025.

8.2 The opening reserve balance at the start of 2024/25 was £105 thousand and is fully committed to pay for the works related to the seeded absence project during 2024/25.

8.3 The closing balance of the reserve on 31st March 2025 will be zero.

9. Forward Forecast

9.1 As part of the 2025-29 MTFP process, EMSS budgets have been developed to incorporate anticipated cost pressures caused by future pay awards, known inflationary increases, and changes to the rate and threshold of employers national insurance contributions. These increased costs have been offset in part by a lower than anticipated prior year pay award and reductions in operational costs. No consideration is given to any cost implications arising from changes in the minimum wage following the Autumn Statement.

9.2 Table 5 outlines the anticipated base budget adjustments (categorised as either controllable or uncontrollable), EMSS net budget and funding arrangements over the next 4 years. Partner contributions have been assigned according to the principles outlined in section 4.5 above.

	Adjustments			
	2025/26	2026/27	2027/28	2028/29
Base Budget	£5,643,024	£5,933,419	£6,015,723	£6,172,282
<u>Controllable</u>				
Staffing Savings (-) / Costs	£8,570	£27,633	£31,413	£27,111
Project Resource (Redwood, OGL, Freshserve)	£56,357	-£56,357	£0	£0
Stabilisation Costs	£74,000	-£8,000	£0	£0
Additional Systems Costs	£6,000	£0	£0	£0
Change in Operational Costs	-£37,240	-£25,000	-£5,000	£82,351
Reduction in Other Fees & Charges	£6,054	£20,782	£0	£0
Total Annual	£113,741	-£40,942	£26,413	£109,462
<u>Uncontrollable</u>				
Prior Year	-£62,273	£0	£0	£0
Pay Award / Inflation	£142,092	£125,162	£129,860	£134,569
Change in Employers NI	£96,834	-£1,916	£287	£1,002
Total Annual	£176,654	£123,246	£130,146	£135,570
TOTAL ANNUAL CHANGE	£290,394	£82,304	£156,559	£245,033
EMSS Net Budget	£5,933,419	£6,015,723	£6,172,282	£6,417,315
Funded by:				
NCC	£3,269,552	£3,300,313	£3,378,593	£3,504,840
LCC	£2,663,867	£2,715,410	£2,793,689	£2,912,475

Table 5: Base budget adjustments and funding arrangements 2025/26 to 2028/29

- 9.3 The re-grading of the Head of EMSS position, together with staff churn following the ESC restructure has mitigated staffing costs arising from increments and offset additional costs resulting from the outcome of recent job evaluations. These net savings (totalling £22 thousand) have been offset by the establishment of a part-time Oracle Support Service Manager post to manage the relationship with Mastek. At a cost of £31 thousand this role will ensure change requests are completed on time and to specification whilst overseeing the quarterly update processes. This will free up the existing Oracle Support Manager to focus on the technical aspects of system design and development to reduce the reliance on Mastek and provide greater oversight and challenge. Staffing cost increases in later years represents the financial impact of salary increments.
- 9.4 To support the planned system migration to the Oracle Redwood experience and implement Oracle guided learning and Freshserve in 2025/26, additional project resource will also be required in both FSC and ESC for a 12- month period at a cost of £56 thousand.
- 9.5 The business decision to incorporate ESC stabilisation costs, currently funded separately to the partnership, into the base budget represents a cost increase of £74 thousand and will covers costs associated with on-going payroll monitoring licenses (£45 thousand) and the seeded Teachers Pension and monthly contribution reconciliation work (£29 thousand for 2025/26 only). An on-going provision of £21 thousand has also been made for future systems project work from 2026/27 onwards.
- 9.6 Notification has been received that DBS subscription costs will rise by £6 thousand in 2025/26. Operational costs are also expected to increase in the FSC with the development of paperless direct debit webforms (£11 thousand). This is offset by savings on ESC subscriptions (£8 thousand) together with ICT savings arising from a renegotiation of oracle licenses price (£92 thousand) and Managed Service Provider costs (£47 thousand) net of additional costs arising from Freshserve implementation (£15 thousand) and software licenseses for BACs, universal credit and overages (£84 thousand).
- 9.7 Despite an uplift to fees and charges, income has reduced overall by £6 thousand due to the loss of apprenticeship income (£15 thousand) and reduced recharges as a result of cheaper provision to LCC for Freshserve license and support cost (£21 thousand).
- 9.8 The overstatement of the 2024/25 pay award in the base budget has been reflected as a £63 thousand reduction. A provision has been made for future anticipated pay award/inflation, with an annual flat rate of 3.5% assumed for 2025/26 reducing to 3.0% from 2026/27 thereafter. This represents a cost of £142 thousand in 2025/26 and averages out at £130 thousand in later years.

9.9 National Insurance contributions have also been adjusted to incorporate the increase of 1.2% (to 15%) on the employer's rate and a threshold reduction from £9.1 thousand to £5 thousand. This will take effect from 2025/26 onwards, cumulating in a cost increase of £97 thousand.

9.10 Taking account of the above adjustments the EMSS operational funding requirement has been identified at £3.84 million for 2025/26, increasing to £4.22 million by 2028/29.

9.11 Table 6 outlines costs by service at 2024/25 prices and separately identifies the anticipated cumulative effect of the pay award/inflation. Further breakdown of costs by cost classification is presented in Appendix A.

	2025/26	2026/27	2027/28	2028/29
Finance Service Centre	£1,540,775	£1,570,139	£1,620,298	£1,672,560
Employee Service Centre	£1,857,963	£1,872,187	£1,941,852	£2,011,166
Management & Business Development	£369,075	£377,830	£396,766	£415,679
Subtotal	£3,767,812	£3,820,156	£3,958,916	£4,099,405
Pay Award / Inflation	£73,374	£112,499	£116,655	£120,856
Operational	£3,841,186	£3,932,655	£4,075,571	£4,220,261

Table 6: 2025-29 MTFP EMSS Operational Requirement

9.12 The ICT budget mainly consists of Oracle license costs and the IT support for the Oracle Cloud system. Total cost is £2.09 million in 2025/26 increasing to £2.20 million by 2028/29 (see table 7 below and Appendix A for further details).

9.13 In accordance with our contractual arrangement no annual increase has been applied to the Oracle license costs, which now incorporates Oracle Guided Learning. All 'spare' licences against additional modules and functionality have been assigned with further costs arising to partners from license requirements beyond initial quotas.

	2025/26	2026/27	2027/28	2028/29
ICT Ongoing Costs				
Licenses Costs	£937,337	£937,337	£937,337	£1,039,151
Other ICT Costs	£1,148,451	£1,133,068	£1,146,170	£1,144,191
Subtotal	£2,085,788	£2,070,405	£2,083,507	£2,183,342
Pay Award / Inflation	£6,446	£12,663	£13,205	£13,713
ICT	£2,092,233	£2,083,068	£2,096,712	£2,197,055

Table 7: 2025-29 MTFP EMSS ICT Ongoing Requirements

9.14 The overall EMSS funding requirement for 2025/26 is £5.93 million, which represents an increase of £290 thousand (or 5.2%) compared to the current level of partner contributions. Included within this amount is the cost of EMSS stabilisations (£74 thousand) that would otherwise have been funded separately, a provision for the 2025/26 pay award (£80 thousand net of the prior year adjustment) and the change in

Employers national insurance contribution (£97 thousand). A like for like cost comparison is effectively a £39 thousand increase, which can be directly attributable to the one-off costs associated with project resource for the implementation of Redwood, OGL and Freshserve (£57 thousand).

9.15 The funding requirement is projected to rise to £6.42 million by 2028/29 primarily as a result of the pay award/inflation and the end of the 4-year Oracle contract (costs estimated to increase by £102 thousand in 2028/29) net of savings delivery. Overall funding requirements and associated changes compared to the 2024/25 partner contributions of £5.64 million is presented in Table 8, together with the projected breakdown of partner contributions over the life of the MTFs.

	2025/26	2026/27	2027/28	2028/29
EMSS Operational	£3,767,812	£3,820,156	£3,958,916	£4,099,405
ICT Ongoing	£2,085,788	£2,070,405	£2,083,507	£2,183,342
Subtotal	£5,853,600	£5,890,561	£6,042,423	£6,282,746
Pay Award / Inflation	£79,819	£125,162	£129,860	£134,569
Proposed EMSS Budget	£5,933,419	£6,015,724	£6,172,283	£6,417,315
<i>Required Change in Partner Contributions from 2024/25</i>	<i>£290,395</i>	<i>£372,699</i>	<i>£529,258</i>	<i>£774,291</i>
NCC Contribution	£3,269,552	£3,300,313	£3,378,593	£3,504,840
LCC Contribution	£2,663,867	£2,715,410	£2,793,689	£2,912,475

Table 8: Summary of Overall Funding Requirements 2025-29

Additional Funding Pressures Outside Existing Partnership Arrangements

9.16 Separate to the partnership budget and contributions is the Fit for the Future legacy project budget, used to fund the archiving of Ebusiness. Table 10 provides a breakdown of the forecast spend compared to budget for 2024/25.

9.17 A budget of £95 thousand remains required for 2024/25 to allow NCC full access to the system. LCC have confirmed that archiving will be required for a further 3-years and intend to migrate to a new platform in 2025/26 at a cost of £30 thousand. Post year 1 implementation costs are expected to reduce to £20 thousand per year thereafter. NCC are yet to confirm their intentions.

FFtF Implementation	2024/25			2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
	Budget	Forecast	Variance				
Ebus Archiving (shared)	£52,080	£52,080	£0	£0	£0	£0	£0
Ebus Archiving (100% NCC funded)	£43,200	£43,200	£0	£0	£0	£0	£0
Ebus Archiving (100% LCC funded)	£0	£0	£0	£30,000	£20,000	£20,000	£0
Funding Requirement	£95,280	£95,280	£0	£0	£0	£0	£0
Contributions:							
50% LCC	-£15,000	-£15,000	£0	-£30,000	-£20,000	-£20,000	£0
50% NCC	-£80,280	-£80,280	£0	£0	£0	£0	£0
Net	£0	£0	£0	£0	£0	£0	£0

Table 10: FFF Implementation Forecast and Budget 2024/25 to 2028/29

10. Budget 2025/26

10.1 The EMSS budget for 2025/26 is presented on Table 11.

	Budget 2025/26				
	Staffing	Running Costs	Gross	Income	Net
Financial Service Centre	£1,473,048	£151,385	£1,624,433	-£55,782	£1,568,651
Employee Service Centre	£2,193,282	£142,151	£2,335,433	-£433,044	£1,902,389
Management & Business Development	£368,146	£2,000	£370,146	£0	£370,146
Operational Budget	£4,034,476	£295,536	£4,330,012	-£488,826	£3,841,186
ICT Ongoing	£442,083	£1,660,016	£2,102,099	-£9,866	£2,092,233
EMSS Total	£4,476,559	£1,955,552	£6,432,111	-£498,692	£5,933,419

Table 11: 2025/26 EMSS Budget

11. EMSS – growth opportunities, efficiencies and savings development

11.1 There have been significant changes since EMSS was formed in 2012 to the IT platform that it uses, its customer base and income, and operating context; therefore, it is appropriate to conduct a review of the efficiency of the service and whether it continues to deliver ‘value for money’ for the partners.

11.2 The Finance Service Centre have completed its Best Value Review, which details a number of opportunities where the service could operate more efficiently. Working alongside the partners these opportunities may present savings opportunities within the service, e.g., reduce printing and postage costs, decrease demand on the service desk through the mandatory use of the supplier portal, reduce the time and effort required in the FSC regarding retrospective purchase orders.

11.3 The Employee Service Centre requires a similar review, but the focus is currently on delivering the ESC’s Transformation Plan (2024-26), Current improvement projects include the Assure Payroll reconciliation reporting to reduce payroll errors or anomalies. It also includes the TP and MCR (Teachers Pension & Monthly contribution reconciliation) reporting, as well as Oracle seeded absence reporting. These projects provide a much better level of visibility and analysis of pension and payroll functionality and put the ESC in a good position to move forward with their full transformation plan.

11.4 The updated Strategic Plan for 2025-29 will include details of the opportunities for growth in line with a new vision for the shared service. In defining the opportunities consideration will initially be taken of whether there are any ‘transactional’ services that have remained within the two Councils that could/should be delivered by EMSS. The scoping for this work has already begun, with several areas already identified. EMSS request that the EMSS Sponsors and Head of EMSS meet to discuss and develop an updated 4-year vision and strategic plan for EMSS by March 2025. It should be noted that this request was

made in the previous two Joint committee reports but has not materialised due to competing priorities within the council.

- 11.5 Equally, the plan will outline whether EMSS should consider growing by onboarding external business. An initial SWOT analysis suggest that the Oracle system limits such ambition, and it may prove challenging for such an arrangement to be commercially viable, as experienced by the payroll service with the education sector. That said, technology and business requirements are continually changing, as part of the longer-term plan, there is an ambition to provide external services to other local authorities and create an income for the council. EMSS regularly receives approaches by other Councils about the provision of services and it is therefore appropriate to re-visit the opportunities for growth (internal and external) through the development of the Strategic Plan.

12. Risk Assessment

- 12.1 A new format of the risk register can be seen in in Appendix B. The Risk Register and Business Continuity plan are currently being reviewed to ensure that the BC (business continuity) and risks are still relevant, this work should be completed by 2025. Risk is split into low risk, minor risk, medium risk, high risk & critical. The full document provides details of actions required against each risk including timelines where relevant.

13. Section 151 Officer Statement

- 13.1 *The Medium Term Financial Plan (MTFP) forms the overarching framework within which EMSS financial planning and management activity takes place. The annual budget is an integral part of the rolling multi-year MTFP. This approach enables it to support delivery of the EMSS's priorities and alignment with EMSS overall.*
- 13.2 *The current draft MTFP for the period 2025/26 – 2028/29, will be reviewed, refreshed and finalised in March 2025 for approval, following the respective Full Council meetings held by LCC and NCC with regards to the approval of 2025/26 annual budgets. With this in mind, the assessment of the robustness of the budget estimates and appropriateness of reserves will be determined as part of the final EMSS MTFP report in March and recommendations made accordingly.*
- 13.3 *Appendix A sets out the indicative MTFP forecast over the four year planning period and table 9 set out the proposed allocation of funding between LCC and NCC. Both Councils are expected to mirror the final estimated cost, as this is agreed over the coming months within their respective MTFP and budget process to be approved in by their respective Council meetings in February/March 2025.*
- 13.4 *Section 11, appendix B sets out the key operational risks identified by EMSS for next year. Should any of these risks crystallise and materially impact on the overall*

financial position of EMSS, there is potential risk for unplanned contributions to be made by LCC and NCC to avoid any recourse to limited contingency. EMSS will be expected to, as far as possible mitigate these risks within existing approved budgeted contributions or reserves. Where any risks cannot be mitigated by EMSS then these may fall to LCC and NCC to fund, causing a potential unfunded pressure for both councils. As part of the budget and adequacy of reserves assessment consideration will need to be given to these risks and potential need for any additional funding contributions from LCC and NCC. A new risk has been added to the MTFP in relation to the future of the Internal Audit service to EMSS, currently provided by NCC but may not continue from 2025/26.

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Medium Term Financial Plan 2025-29

	Budget			
	2025/26	2026/27	2027/28	2028/29
Financial Service Centre				
FTE	35.9	34.9	34.9	34.9
Staffing	£1,445,172	£1,453,754	£1,503,913	£1,556,675
Running Costs	£151,385	£151,385	£151,385	£150,885
Income	-£55,782	-£35,000	-£35,000	-£35,000
Net	£1,540,775	£1,570,139	£1,620,298	£1,672,560
Pay Award	£27,877	£40,844	£42,346	£43,926
Net	£1,568,651	£1,610,983	£1,662,644	£1,716,486
Employee Service Centre				
FTE	54.3	52.9	52.9	52.9
Staffing	£2,148,856	£2,171,080	£2,240,745	£2,310,059
Running Costs	£142,151	£134,151	£134,151	£134,151
Income	-£433,044	-£433,044	-£433,044	-£433,044
Net	£1,857,963	£1,872,187	£1,941,852	£2,011,166
Pay Award	£44,426	£60,849	£62,937	£65,015
Net	£1,902,389	£1,933,037	£2,004,789	£2,076,181
Management & Business Development				
FTE	5.0	5.0	5.0	5.0
Staffing	£367,075	£375,830	£394,766	£413,679
Running Costs	£2,000	£2,000	£2,000	£2,000
Income	£0	£0	£0	£0
Net	£369,075	£377,830	£396,766	£415,679
Pay Award	£1,071	£10,806	£11,372	£11,915
Net	£370,146	£388,636	£408,137	£427,594
ICT Ongoing				
FTE	8.9	8.9	8.9	8.9
Staffing	£435,638	£445,255	£463,357	£480,341
Running Costs	£1,660,016	£1,635,016	£1,630,016	£1,712,867
Income	-£9,866	-£9,866	-£9,866	-£9,866
Net	£2,085,788	£2,070,405	£2,083,507	£2,183,342
Pay Award	£6,446	£12,663	£13,205	£13,713
Net	£2,092,233	£2,083,068	£2,096,712	£2,197,055
NET	£5,933,419	£6,015,724	£6,172,283	£6,417,315
Operational	£3,841,186	£3,932,655	£4,075,571	£4,220,261

Risk Assessment 2024-28

Process	Risk	Description
Communications	2 - Minor	The loss of Outlook would result in no emails being sent or received. This would restrict the need to provide comms messages to EMSS colleagues.
Contract management	2 - Minor	The loss of Oracle Fusion would result in contract updates not being made in the system.
Debt Collection	2 - Minor	The loss of Oracle Fusion would result in customers direct debit payments not being made in the system.
Electronic filing	2 - Minor	The loss of castle and wisdom would result in the inability to personnel files from Outlook attachments into the electronic filing system
Invoice checking	2 - Minor	The loss of CaseWare would result in the invoice payment files not being processed through the CaseWare solution. This would result in invoice checks for duplicates and errors not being completed prior to payment.
Loss of Building	2 - Minor	Loss of access to building with LCC (Floor 3 County Hall) or NCC (Loxley House)
Loss of connectivity	2 - Minor	The loss of connectivity to the internet would result in the user not being able to carry out their daily tasks and activities
Loss of Power - Office	2 - Minor	Loss of power within the office building - LCC (Floor 3 County Hall) or NCC (Loxley House)
Loss of Power - Remote Working	2 - Minor	Loss of power at a remote working location
MS Teams	2 - Minor	The loss of MS teams would result in no MS Teams usage across the services in addition to the loss of Teams Apps
Oracle Supplier Portal	2 - Minor	The loss of Oracle Fusion would result in external suppliers being unable to see their account status leading to more queries to the service desk
Bank account validation	3 - Medium	The loss of PTX would result in both Supplier and individuals bank account details not being verified and checked against their database.
CIS payments	3 - Medium	The loss of Oracle Fusion would result in CIS invoice payments not being processed and passed through to E-File Ready for uploading to HMRC
DBS service	3 - Medium	With the online DBS system down we'll be unable to process DBS checks through the system.
Loss of computer servers	3 - Medium	Loss of computer servers linked to LCC networks

Managing tickets	3 - Medium	Freshdesk interface unable to pull data from outlook email accounts to auto-create tickets. *Access to outlook accounts still available to EMSS
Online Payments	3 - Medium	The loss of the partners online payment option would result in online payments not being taken for outstanding invoice debts
Oracle Recruitment Cloud (OCR)	3 - Medium	The loss of Oracle Fusion would stop the management of the whole recruitment process. e.g. no requisitions would be able to be posted, no notifications would be sent to candidates etc.
Supplier setup	3 - Medium	The loss of Oracle Fusion would result in supplier setups both not being received and processed through to setup potentially delaying purchasing and payment of goods and services.
Ticket creation (Freshdesk Portal)	3 - Medium	Freshdesk portal is down resulting in the inability to raise tickets through the frontend webpage.
Ticket management	3 - Medium	With Freshdesk being down the ability to manage tickets through the system will no longer be possible. The ESC Service Desk would also not be able to see who requires a call back relating to their queries. Severity will be dependant on the date in which Freshdesk is unavailable. e.g. loss of system around employee pay days will cause a higher severity rating than mid month.
Internal Audit provision	3 – Medium	NCC have indicated that they will not be able to provide an Internal Audit Service to EMSS from 2025/26. Alternative options are being considered but these may be more costly. If an adequate Internal Audit function is not provided there could be governance or internal control issues and the external auditor may also raise concerns.
Direct Debit Runs	4 - High	The Oracle Fusion system is down resulting in EMSS being unable to process AR Direct Debit runs electronically.
Direct Payments (Enhanced Services)	4 - High	The loss of the Pcard system would result in the inability to pay carers supporting vulnerable adults and children.
Direct Payments (SAGE)	4 - High	With SAGE being down we'll be unable to calculate the pay for carers supporting vulnerable adults and children.
Freshdesk automated tickets	4 - High	The loss of Outlook would result in >50% of tickets not being created within Freshdesk through the pre defined automations
Loss of Staff	4 - High	Loss of key personnel or a loss of a large number of employees at any one time Risks could include, but not exclusive to:

		<ul style="list-style-type: none"> • Pandemic • Natural Disasters • Major personal life events • Sudden Resignation / Termination • Long term illness /Injury
AP Payments (Excluding Kefron)	5 - Critical	The loss of Oracle Fusion would result in AP payments not being uploaded or processed through to payment.
Invoice payment (Kefron)	5 - Critical	The loss of Oracle Fusion would result in AP invoices not being processed for approval and payment
Invoice payments (Kefron)	5 - Critical	The loss of Outlook would result in AP invoices not being passed through to Kefron and Oracle Fusion for approval and processing.
LCC Pension payments	5 - Critical	Freshdesk unable to pull data from email accounts to auto-create tickets. Access to email accounts still available through Outlook.
Oracle payroll system	5 - Critical	The Oracle Fusion system is down resulting in EMSS being unable to process payrolls electronically.
PTX BACS system	5 - Critical	The PTX BACS system is down resulting in EMSS being unable to make payments or collect Direct Debits electronically. This would also include emergency BACS payments.

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