



EastMidlandsSharedServices

EAST MIDLANDS SHARED SERVICES JOINT COMMITTEE

MINUTES of the meeting held at Gartree Committee Room - County Hall, Glenfield, Leicestershire, LE3 8RB on 18 December 2017 from 10.30 am - 12.37 pm

Leicestershire County Council

- ✓ Councillor Byron Rhodes (Chair)
- Councillor Richard Shepherd

Nottingham City Council

- ✓ Councillor Dave Liversidge (Vice-Chair)
- ✓ Councillor Toby Neal

Officers and others Present

Lucy Littlefair	- Head of EMSS
Chris Tambini	- Director of Finance (LCC)
Penny Wilkinson	- Head of Finance Service Centre (EMSS FSC)
Sara Smith	- Finance Business Partner (LCC)
Colin Monckton	- Director of Strategy and Policy (NCC)
Duncan Orme	- Nottingham University Hospital's (NUH) Director of Finance
Catherine Ziane-Pryor	- Governance Officer (NCC)

Call-in

Unless stated otherwise, all decisions are subject to call-in and cannot be implemented until 27 December 2017.

13 MEMBERSHIP AND APPOINTMENT OF VICE-CHAIR

The Chair acknowledged the sad passing of Councillor Alan Clark who had been a member of the Committee since the inception EMSS and was a very well-liked member who will be missed. Councillor Byron Rhodes then welcomed Councillor Liversidge to the Committee and requested nominations for Vice-Chair.

RESOLVED to

- (1) note the appointment of Councillor Dave Liversidge, Nottingham City Portfolio Holder for Energy and Sustainability, to the Committee;**
- (2) to appoint Councillor Dave Liversidge as Vice-Chair of the Committee.**

14 APOLOGIES FOR ABSENCE

Councillor Richard Shepherd – unwell
Laura Pattman (NCC Director of Strategic Finance)

15 DECLARATIONS OF INTERESTS

None.

16 MINUTES

The minutes of the meeting held on 19 June 2017, were confirmed as a true records and signed by the Chair.

17 STRATEGIC PLAN PRESENTATION - UPDATE ON THE FIT FOR THE FUTURE PROGRAMME AND COLLABORATIVE WORKING WITH NOTTINGHAM UNIVERSITY HOSPITALS

Lucy Littlefair, Head of EMSS, delivered a presentation in three sections, firstly with Duncan Orme, Nottingham University Hospital's (NUH) Director of Finance, secondly with Colin Monckton, NCC Director of Strategy and Policy, and finally an update on the broader work being undertaken in line with the Strategic Plan.

NUH Trust

Duncan Orme verbally informed the Committee of the current position of EMSS and NUH with regard to the potential for collaboration, with further information provided by Lucy Littlefair.

The following points were highlighted and responses given to members' questions:

- (a) NUH functions at City Hospital, Queen's Medical Centre (and Ropewalk House), with more than 100 wards and just under 50 theatres, on a budget of just over £900m, predominantly dealing with acute care and specialist services on a regional basis;
- (b) The culture in the NHS regarding financial management roles tends towards periods of 3-4 years in post, before regulators encourage progression to a new role/trust. This has resulted in a focus on improving front line provision whilst back-office activity is seldom a priority. Although NUH back-office services benchmark very well against other NHS back-office services, they don't compare well with private sector services. The current Financial Management Team is keen to ensure the best possible efficiency of back-office services to enable as much funding as possible to be focused on front-line services. To this end, back-office services need to adapt as part of the Sustainable Transformation Plan (STP);
- (c) The potential of extending the NUH in-house model to make it available to other NHS providers was greeted with interest but none were in a position to engage, while EMSS was enthusiastic and keen to identify how joint working could provide mutual benefits. Initially scoping proved positive in many areas and whilst collaboration will need to be approved by both parties, a business plan is being developed which spans two phases over a period of 4 years prior to any shared

activity. If ultimately NUH and EMSS do work together, it is anticipated that other NHS Trusts will also find EMSS an attractive, pre-proven option;

- (d) Legally it is not possible for NUH to join EMSS, but it is possible to establish a contract under Regulation 12 of the Public Contracts Regulations 2015, which would enable the organisations to provide services to each other, and then ultimately to other external services. The completed business case is scheduled to be submitted during April 2018, if formally approved by both parties, implementation of Phase 1, exploring in depth how the two organisations can work together, may commence in May 2018, potentially with Phase 2, engaging with other services, starting two years later;
- (e) Within Phase 1, initially both organisations would continue to use their current IT systems, particularly as the NHS operates a national payroll and pension system. Across the East Midlands, the NHS uses one common ledger but this is different to the current and potential systems which EMSS is considering. However, within Phase 2, it's anticipated that following thorough evaluation and dependant on the chosen support system, there may be a good business case for including that ledger, within the general EMSS system.

The Committee welcomed the potential collaboration opportunity as it fits with the overall vision of the organisation, will mutually benefit both organisations and ultimately citizens.

Fit For the Future (FFTF)

Colin Monckton (NCC), Lucy Littlefair (EMSS) and Roderick O'Connor (LCC) are the lead officers involved in the Fit for the Future programme. Colin verbally updated the Committee on progress whilst Lucy Littlefair expanded on the information within the presentation, from an EMSS perspective.

The following points were highlighted, and responses given to members' questions:

- (f) As previously discussed, the current hosting contract for Oracle is due to expire in 2019. Due to the cost of potentially extending the contract and the support for Oracle (finishing in 2021), it has been determined that there is no other option than to procure a new, more technically advanced finance and HR/Payroll system. A dedicated team with lead officers from each partner has been working intensely to identify a system within the appropriate parameters to meet the current and potential needs of EMSS. A tender exercise was undertaken and 2 potential systems identified. These have both undergone intense evaluation, the results of which have consistently been very close. The FFTF Team and procurement colleagues have met with each software provider to ensure that there would be no hidden costs in support and maintenance, and the final recommendation is expected to be made this week;
- (g) It is anticipated that although a substantial initial investment (which is lower than first anticipated) including one-off and implementation costs, the system will be cost-neutral within 7 years of operation. Implementation and system technology have been separated and the FFTF Team are now preparing a specification for programme integration which is expected to go out for tender in the New Year. Once all key stakeholders are satisfied and confident with the selected party, implementation could commence as early as April 2018;

- (h) It is possible that EMSS may utilize several payroll solutions depending on the available business, but this is not anticipated to be an issue as the partnership does have the required in-house skills and general capability. However, there is a potential risk to business around the back-fill of posts which will be necessary. EMSS have developed a resource plan for 2018/19 which will involve current staff as well as new posts/backfill arrangements. It is important to minimise any potential risks to business as usual throughout the programme;
- (i) It is anticipated that the new system will be 'cloud' based and therefore customisation will generally not be possible. However although standardised processes will be beneficial to the organisation, where is potential to configure some aspects. Compliance to current procedures is an ongoing issue that has been investigated in depth by Penny Wilkinson, Head of the Finance Service Centre. Although standard procedures are in place, non-compliance has a significant impact resulting in what is in the main, unnecessary additional work and challenges.

The Committee welcomed the assurance that the anticipated cost of the new system is less than anticipated and that with the current financial restrictions on sponsors, that the revised budget allocation to procure and implement the system was still likely to be met through previously agreed sponsor contribution.

Members of the Committee recognised the need to persuade their own organisations that clunky practices need to change and that customisation should be avoided, as standardised processes will enable the organisation to operate more cost effectively.

Strategic Plan Project update

Lucy Littlefair informed the Committee that the transfer of LCC's Direct Payments Payroll Team (Adult Social Care) to EMSS was on track for April 2018, with initially a 'lift and shift' approach, including the current systems (Sage). This will enable a thorough understanding of current working practices to be gained, prior to any review and potentially transition to the new system.

RESOLVED to note the presentations and updates.

18 EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public 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 outweighs the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act, in so far as the following reports contain information of a sensitive business nature.

19 EXEMPT MINUTES

The exempt minutes of the meeting held on 19 June 2017 were confirmed as a true record and signed by the Chair.

20 EAST MIDLANDS SHARED SERVICES PERFORMANCE REPORT - QUARTER 2 2017/18.

Lucy Littlefair, Head of EMSS, introduced the East Midlands Shared Services Performance Report - Quarter 2 2017/18. Penny Wilkinson, Head of the Finance Service Centre, verbally provided further information.

RESOLVED to note the report.

21 EAST MIDLANDS SHARED SERVICES FINANCIAL UPDATE

Sara Smith, Finance Business Partner (LCC), introduced the East Midlands Shared Services Finance Update.

RESOLVED to approve the recommendations set out in the report.

Reasons for decisions

As set out in the report.

Other options considered

As set out in the report.