



OVERVIEW AND SCRUTINY COMMITTEE – 8 SEPTEMBER 2021

EAST MIDLANDS SHARED SERVICES ANNUAL PERFORMANCE UPDATE

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide the Committee with an update on the performance of East Midlands Shared Services in 2020/21.

Policy Framework and Previous Decisions

2. In 2010, Nottingham City Council and Leicestershire County Council formed a partnership to share their HR, Payroll and Finance IT system and jointly deliver HR administration, payroll and finance transactional services.
3. In September 2010, the County Council's Cabinet agreed to establish a Joint Committee to oversee the operation of the Shared Service comprising elected members from both Councils. At officer level, each Council has a Sponsor, which at Leicestershire County Council is the Assistant Director of Finance, Strategic Property and Commissioning. These arrangements remain in place.

Background

4. East Midlands Shared Services (EMSS) was created on 1 September 2012. The Employee Service Centre is based at County Hall in Leicestershire and the Finance Service Centre at Loxley House in Nottingham.
5. Over the past 9 years the Service has delivered £1.8m savings, meeting the expectations of the original business case. The Service has continually sought opportunities to optimise the efficiencies through continuous improvement projects, digitisation of processes, robust performance management and improved customer service focus.
6. The Service operates on a shared IT platform. In 2018, the partner Councils procured a replacement system, Oracle Fusion Cloud, and commenced an implementation programme, 'Fit for the Future', across HR, Payroll, Finance and Procurement. The programme is in its final stages and nearing completion.

7. The implementation of a new system across two Councils and multiple external customers, alongside the constraints and pressures caused by the pandemic, meant that 2020/21 was a very challenging year for EMSS.
8. On the basis of the audit work undertaken during 2020/21, the Head of Internal Audit at Nottingham City Council (NCC) concluded that a 'significant' level of assurance could be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered.
9. An external IT audit of the finance Ebusiness system by Grant Thornton did highlight some issues. Where appropriate, the recommendations were implemented, or assurances given that they would not be replicated in the new Oracle Cloud system. The recommendations will be reviewed, and progress reported to Corporate Governance Committee.
10. A County Council external audit of the finance system by Grant Thornton highlighted some issues with regard to access. Where feasible (due to the short time that EBS would be a live system) the recommendations were implemented, or assurances given that they would not be replicated in the new Oracle Cloud system. The recommendations fell into three broad categories, they were:

Issue	Resolution
The Sys Admin Team could assign themselves additional access to investigate issues.	New process where team members request approval from the Team Manager for any access / role requests.
One of their system roles was a generic user.	This role does not exist in the new system.
High level access for some users. There were a small number of users, across the partnership, with wide-ranging access in E-business. EMSS had been working for some time to ensure that all users only had the access required for their role but as staff moved roles, it was difficult to keep track, in the old system.	The implementation of Oracle Cloud has allowed the partners to design access for users from scratch. In addition, the new system has improved functionality that ensures that if staff move into different jobs their access does not move with them, so they do not retain inappropriate access.
Managing leavers and movers in a timely fashion. EMSS are not always notified when staff leave or move to new roles and when requests do come in managing access is a manual task and therefore errors can occur.	Unfortunately, EMSS is reliant on managers informing it when changes to staffing occur. However, the new system has controls that automatically removes access to Oracle on the day that staff leave and assigns movers the access relevant to their new role.

11. These recommendations will be reviewed and reported to the Corporate Governance Committee for consideration in due course.

Strategic Priorities

12. The 'Fit for the Future' programme has been the largest priority for EMSS since 2018 and unfortunately, the programme was within weeks of commencing the 'go-live' phases when Covid-19 impacted.
13. Following a short pause in March 2020 the programme re-started and the new system has been rolled out in phases since November 2020. The County Council is now fully live on Oracle Fusion Cloud across HR, Finance and Procurement.
14. In terms of EMSS, the Employee Service Centre continues to operate two systems until the final payrolls (NCC and Academies) are migrated onto the new system by the end of 2021. Both the County Council and NCC are live on the new finance system and therefore the Finance Service Centre has completed its implementation and is operating fully under the new system and processes.
15. EMSS are very proud of all the staff that have been involved in the implementation, as it was a hugely complex undertaking, made more difficult because of remote working for our team and our implementation partner; and the inability to bring staff together for training and support on the new system.
16. Following the lockdown on 23 March 2020, the priority for EMSS was to enable all staff to work at home whilst maintaining critical services. There were challenges which the Service overcame:
 - Ensuring all vulnerable or anxious staff could self-isolate immediately.
 - Providing 124 staff with their own IT equipment at home with remote access to County Council servers and systems.
 - Providing staff without their own IT, with County Council laptops.
 - Finding a solution to the service desk telephony system that could not be operated remotely.
 - Maintaining contact with all staff.
17. In February 2021, the EMSS Sponsors' approved a business case for the purchase and implementation of a replacement query management system across EMSS and work began to implement the system in time for the County Council HR Oracle go live in April. Throughout March, a small team of six led the following activities, with the aim of transforming the way customers interact with EMSS:
 - Developing the system to incorporate EMSS data, production of pre-prepared responses, pre-populated ticket templates, the agreement of over 50 query categories, as well as over 140 tailored 'resolution/response' times to support effective reporting and routing the tickets to the relevant teams.
 - The customer experience was of huge importance and a lot of time was

spent ensuring that the new contact forms were simple and easy to understand for any customers creating support tickets.

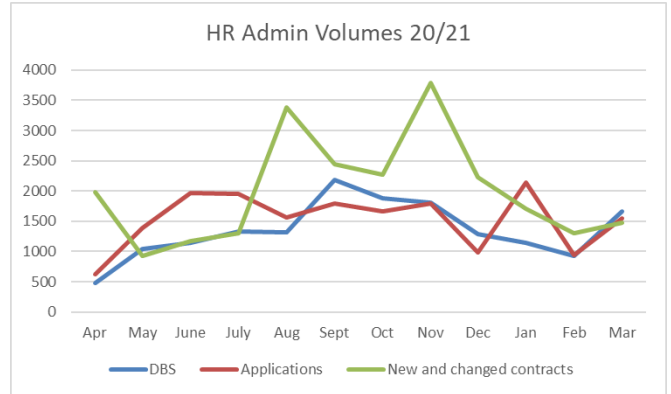
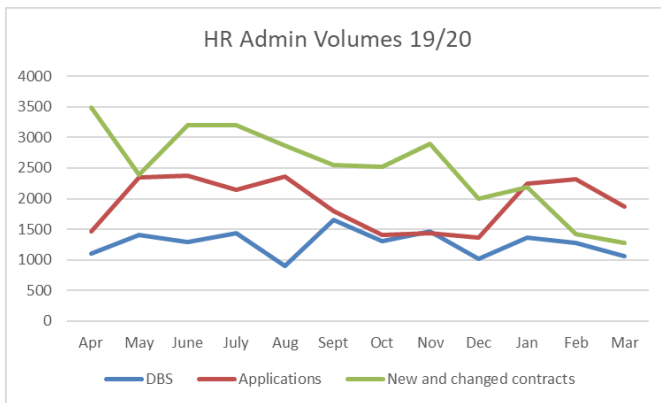
- The knowledgebase area of Freshdesk (a collection of helpful articles that offers a self-service option to customers) was developed with over 109 articles produced ahead of go-live. This will be continually updated throughout the lifecycle of the product.
 - Configuration of the automatic issue of a customer survey upon resolution of each query received. All survey responses are linked to the initial ticket, allowing us to monitor customer service down to agent-level.
 - The team created automations using robotics to improve efficiencies across numerous processes. These automations include the routing of tickets depending on query types, using trigger words to adjust priority levels and integrating with LCC ICT's Marval system.
18. Pay award costs continue to be the largest pressure on the financial stability of the Service and partnership contributions. Therefore, in quarter 4 of 2020/21, to meet budgetary requirements for 2021/22, a consultation was undertaken across the service with a view to reducing staff numbers. This was a particularly difficult time as it hit just after Christmas, when the UK was entering another lockdown and the Service still required high levels of commitment and motivation from staff to deliver 'business as usual' and the crucial stages of the Fit for the Future programme. Fortunately, the reduction was able to be made through voluntary redundancies, but it was an unsettling time for staff.
19. CIPFA have been asked by Nottingham City Council to review a number of their partnership and company arrangements. EMSS has been included as part of that work and at the time of writing this report, we are awaiting the outcome of that review. It has been agreed that the Joint Committee will receive an update on any recommendations pertinent to the partnership and joint arrangements.

Operational Performance

20. The dashboard attached as an Appendix to this report shows the performance and trends for 2020/21. Overall, due to the pandemic, 2020/21 proved erratic in relation to the volumes of activity handled by EMSS e.g. email volumes in the Finance Service Centre, numbers of invoices for processing, volumes of DBS checks, contracts and adverts for processing.

Employee Service Centre

21. Performance has been consistent across the year, although there have been fluctuations in demand. The graphs below show the nature of volumes for recruitment and HR admin processes compared with last year.



22. The team continues to deliver excellent payroll accuracy rates. The payroll accuracy rates for 736k payroll transactions during 2020/21 were 99.82%, the same as for 2019/20 and a slight increase on the 2018/19 rate of 99.76%. Contract processing accuracy, DBS check completion and recruitment processes all met their service level agreement targets of 100%.
23. The impact on the performance statistics of the first cohort of external customers going live (Oct 2020) was minimal as the roll out affected a relatively small number of external customers.
24. In 2018 EMSS launched a commercial payroll apprenticeship scheme, in conjunction with the Leicestershire Adult Learning service, offering accredited payroll training. Before the introduction of our scheme, apprentices followed a general administration programme, which EMSS supplemented with technical content.
25. It was this content that was developed into a full apprenticeship programme and is now offered commercially. A new Level 5 course has also been developed and is generating a lot of interest. This is a commercial area of business that EMSS has plans to develop further.

Finance Service Centre

26. Total payments made by the Finance Service Centre during 2020/21 was £316m, with £150m being made on behalf of Leicestershire County Council. The Service remained within the service level agreements even in Q4 where staff were managing the impact of the County Council 'go live', e.g. requests for payment, credit balances and unallocated cash.
27. The Finance Service successfully completed all year end tasks remotely and were able to meet all the deadlines required by partners, which included emergency supplier set ups for PPE equipment, emergency payments required for business grants and charities in addition to refunds for cancelled annual services associated with the COVID 19 situation.
28. The Finance Service Centre continues to work closely with the partner departments to help to resolve complex queries relating to debt collection. At

stages during 2020/21, the debt recovery team were asked by the partners to either pause or adjust their recovery strategies to take into account the impact of the pandemic on individuals and businesses.

29. Over the past 3 years, with improved visibility of values, the team have increased the percentage of collectable debt from, on average 46% in 2018/19 to 63% in 2019/20 and 71% in 2020/21. Thus, meaning that less debt was on hold or in query with the supplier or department.

Resource Implications

30. The overall EMSS budget for 2020/21 was £8.9m (including £302k from reserves) of which £1.5m relates to the Oracle system. Underspends during the year meant only £226k was used from reserves.
31. A refreshed Medium-Term Financial plan was presented to EMSS Joint Committee in June 2020. It detailed the projected budget requirements for the next 3 years and commitments on how the partnership would manage the funding of EMSS.

Conclusions

32. 2020/21 was an unprecedented year for EMSS. Managing the impact of a global pandemic on ways of working, erratic transactional volumes and the implementation of a new system which is at the core of every back-office process within the Council; was at times very challenging but also rewarding.
33. Importantly, throughout 2020/21, EMSS performed in line with service level agreements across all services.
34. The EMSS Joint Committee is fully aware of the strategic priorities for the organisation and performance is reported on a quarterly basis. They are being consulted on an updated Strategic Plan in September 2021.

Background Papers

Shared Services with Nottingham City Council – Cabinet, 7 September 2010
<http://politics.leics.gov.uk/documents/s47156/E%20-%20Shared%20Services.pdf>

East Midlands Shared Services: Procurement of Managed Hosting Service – Cabinet, 26 July 2011
<http://politics.leics.gov.uk/documents/s55039/N%20east%20midlands%20shared%20services%20procurement.pdf>

East Midlands Shared Services: Consultancy Report – Cabinet, 13 September 2011
<http://politics.leics.gov.uk/documents/s56198/M%20%20East%20Mids%20Shared%20Servs%20consultancy%20support.pdf>

Circulation under the Local Issues Alert Procedure

None

Equality and Human Rights Implications

None

Other Relevant Impact Assessments

None

Appendices

None

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