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![Leicestershire County Council]

EMPLOYMENT COMMITTEE – 14 JUNE 2012

EAST MIDLANDS SHARED SERVICES (EMSS) UPDATE

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to provide Employment Committee with an update on the East Midlands Shared Services (EMSS) programme. This includes a position statement of its current status and a summary description of the changes which Leicestershire County Council staff and managers will experience as a result of the programme. All of the changes which have been proposed have been fully endorsed by the County Council's Corporate Management Team, (CMT), and they are now in the process of being championed throughout the Council by members of Departmental Management Teams (DMTs).

Background

2. In April 2011, the County Council and Nottingham City Council (NCC) approved an outline business case for shared transactional finance and HR service centres supported by shared infrastructure and applications including shared Oracle Enterprise Resource Planning (ERP). The joint programme – EMSS – to implement the business case commenced in May 2011.

3. The partnership between NCC and the County Council, originally underpinned by a Memorandum of Agreement, was formally constituted via a partnership agreement signed in September 2011. A Joint Committee was set up to monitor the shared arrangements and met for an inaugural meeting on 23 September 2011.

4. Deloitte MCS were selected to project manage the technical aspects of the programme working with a programme team consisting of internal specialists from each partner and contractors brought in where specialist skills and/or additional capacity was required.

5. The programme has just completed the "Design" phase – a major milestone for both Councils.

Business Case

6. The Business Case underpinning the programme highlighted the following benefits:

    For the County Council:

    - Reduced ongoing costs of maintaining, enhancing and upgrading ERP;

    - Savings from reduced transaction processing costs for finance and HR/Payroll;

    For NCC:

    - Significant reduction in costs and risks compared with implementing an ERP solution from scratch;

    - Accelerated ERP implementation timescale based on starting from the County Council's existing design;

    - Recurrent benefits savings from reduced transaction processing, shared ERP maintenance, upgrade and infrastructure costs;

    - Avoids requirement to upgrade legacy systems and retain skills to support systems which are becoming obsolete.

    Benefits to both Councils include:

    - Access to new products such as Oracle Business Intelligence;

    - An opportunity to share best practise and develop mutually improved processing by working together producing modern, cost effective processes;

    - Enables development of customer service culture within transactional support services;

    - Once the initial up front investment has been made the arrangement brings the potential to share costs of future enhancements and extensions to ERP scope, to gain greater value from ERP at a reduced cost;

    - Creates a sellable service, highly attractive to new partners, creating further opportunities for cost sharing.

7. The original business case estimated the total cost of the programme at £10.3m and a net cash saving of £2m per annum from year 3. The

savings would be split equally between the partners, but NCC will bear the majority of the programme costs (£7m) due to the additional benefit obtained from the ERP implementation. The business case has recently been reviewed and due to changes in scope and approach costs are expected to increase by approximately £0.8m, however the £2m annual savings are still expected to be achieved.

Scope of the Programme

8. The Programme includes:

   - The creation of a new shared organisation (EMSS) which will process finance, HR and procurement transactions on behalf of the partners. The shared service centres will be located in split locations with Finance and procurement based at NCC, and HR / Payroll located at the County Council.

   - The creation of a shared Oracle ERP application based on the County Council's existing Oracle solution but incorporating new modules including:

     o Oracle Projects;
     o Oracle Time and Labour;
     o Oracle Enterprise Asset Manager;
     o Oracle Property Manager;
     o Oracle Site Hub;
     o Oracle Business Intelligence.

   - The creation of shared infrastructure and software to underpin the EMSS organisation, including telephony, call logging and knowledge base solutions.

   - The procurement of a contract for hosting services and transfer of the Oracle ERP to a hosted platform.

9. The following tables indicate the initial scope of the shared service organisation:

   HR/Payroll:

Process	LCC	NCC	EMSS
Absence management	✓	✓	✓
Change control	✓	✓	✓
Core HR	✓	✓	✓
Employment checks	✓	✓	✓
Expenses	✓	✓	✓
Health and safety administration	✗	✗	✗

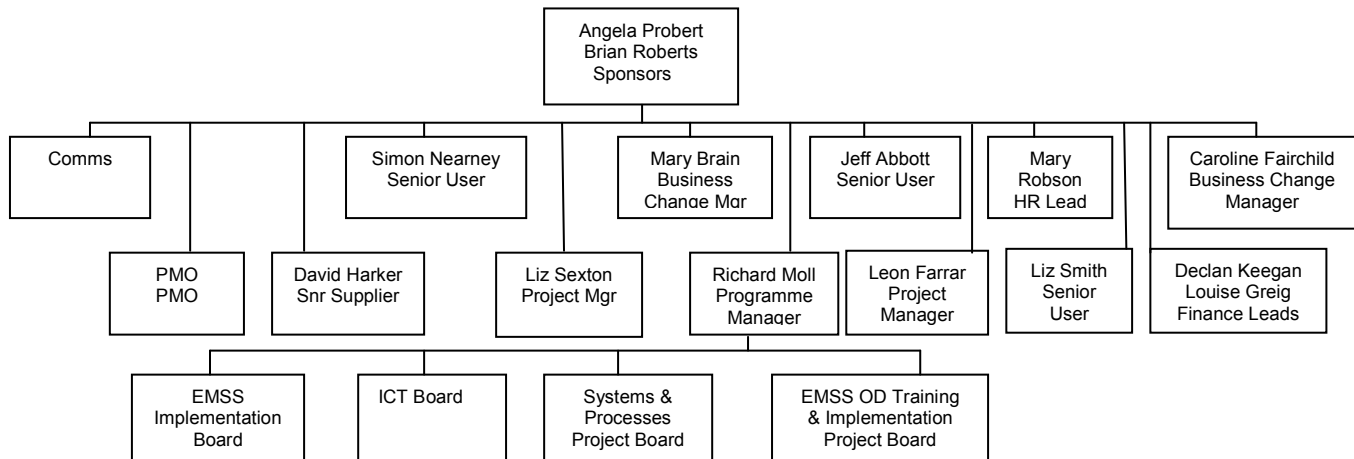| Process	LCC	NCC	EMSS
Leavers	✓	✓	✓
Management information	✓	✓	✓
New starter	✓	✓	✓
Overpayments	✓	✓	✓
Pay claims	✓	✓	✓
Payroll (Gross to Net processing)	✓	✓	✓
Recruitment and advertising	✓	✓	✓
Salary sacrifice	✓	✓	✓
Temporary placements	✓	✓	✓
Third party claims	✓	✓	✓
Temporary placements register (clerical administration)	✓	✓	✗
Training administration	✗	✗	✗

Finance:

Process	LCC	NCC	EMSS
Accounts Payable	✓	✓	✓
Debt Administration	✓	✓	✓
Tax Reports	✗	✗	✗
Billing	✓	✓	✓
eProcurement Data Management	✓	✓	✓
pCards Administration	✗	✗	✗

Programme Plan

10. The Business Case approved in April envisaged a programme plan that would complete in May 2012. During the design phase, however, the partners have agreed to implement additional functionality which will enhance both the Oracle system and the efficiency of the processes in the shared services organisation. For this reason the timescale was revised and on the 14 February the Programme Board approved a revised timescale which works to a programme completion date on 3 September 2012.

11. The programme has the following structure:

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                        ┌─────────────────┐
                        │ Angela Probert  │
                        │ Brian Roberts   │
                        │ Sponsors        │
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Comms	Simon Nearney Senior User	Mary Brain Business Change Mgr	Jeff Abbott Senior User	Mary Robson HR Lead	Caroline Fairchild Business Change Manager
PMO PMO	David Harker Snr Supplier	Liz Sexton Project Mgr	Richard Moll Programme Manager	Leon Farrar Project Manager	Liz Smith Senior User	Declan Keegan Louise Greig Finance Leads

EMSS Implementation Board	ICT Board	Systems & Processes Project Board	EMSS OD Training & Implementation Project Board

Current Status and Key Milestones

12. The programme has successfully achieved two key milestones. These are:

- The successful migration of the Oracle platform to the hosted environment provided by Velos. This is a very significant achievement given the complexity of the project and the need to minimise disruption to the County Council's day to day use of the Oracle application. The new hosted environment provides both greater resilience and the flexibility to scale up the solution for greater demand;

- The sign off of the design of the shared Oracle ERP and associated business processes. This represents a really significant amount of work from a large number of staff in both organisations who informed and agreed the design, and not only standardised ways of working between the partners but also developed new solutions which will improve the efficiency of existing processes.

13. Other key milestones which have been successfully achieved include:

- The completion of consultation with impacted staff which covered two phases and three months elapsed time. This consultation included 1 to 1 sessions with all impacted staff to assist with understanding of options available to them;

- 'Roadshow' events explaining the vision for the programme and the change which the programme will bring;

- The development of Change Management, Communications and Engagement, and training strategies;

- The agreement of a reporting strategy and significant work to rationalise reporting across the two partners.

Impact upon County Council Managers

14. A range of enhanced and new Oracle functionality is being introduced by the EMSS programme which will be utilised across the organisation and will further harness the power of the Oracle e-Business Suite. The major changes being introduced are:

- Further functionality in Manager and Employee Self Service to make existing processes and procedures easier for line managers and employees to manage. Amongst other things this places responsibility on line managers to report sickness absence and scan receipts for iExpenses;

- Significant changes to the Procure To Pay process which streamline the invoice and payments process and ensures that all invoices have a corresponding Purchase Order before payments are made to suppliers;

- The introduction of the Oracle Time and Labour module which will remove the need for paper timesheets to be submitted for the County Council's payroll (payroll 10) and thus do away with the need to maintain a plethora of paper based timesheets;

- A variety of Finance related changes including a new form for requesting payments, changes to the debt recovery procedure and changes to customer creation, journals management and invoice printing.

15. Some of the major impacts of introducing these changes are:

- Training - The changes to Manager and Employee Self Service are simply extensions to an already existing service and will be mainly supported by eLearning. Similarly the changes to the Procure to Pay process are simply enhancements to an existing process and will also utilise eLearning. The introduction of OTL, however, will require a training needs analysis to ascertain what type of training delivery is required by the various staff groups affected and what level of time commitment will be required from them.

- Staff will need to understand that EMSS, whilst employed by the County Council, will be an organisation that supports the County Council and NCC. This introduces a culture change that will need to be managed by Council's through effective communication.

- Once EMSS is launched changes to transactional activity, required either by the County Council or NCC, will be agreed by the three parties.

16. The introduction of EMSS has afforded both Councils an opportunity to streamline a number of processes by making more effective use of Oracle and its related technology. This will support the more efficient running of the organisation as well as achieving tangible benefits such as:

- Reduction in the reliance on paper based information;
- Reduction in the storage of paper based information;
- Better targeted reporting;
- Automation and streamlining of manual based processes;
- Ensuring managers comply with defined procedures through the utilisation of electronic alerts;
- A more effective invoice and payment approach that will ensure that the right suppliers get paid the right amount at the right time.

Corporate Reporting

17. A Corporate Reporting strategy has been developed which provides an approach to maximise the capabilities of Oracle's reporting solutions for EMSS, County Council) and NCC. The implementation of this strategy will enable:

- **The right tools to be used for the right purpose**: Ensure that the right tool is used to generate the right information for the appropriate audience;

- **Standardisation:** Standardise reports being available to managers giving them instant access to business information, along with controlled 'Ad-hoc' reporting capabilities;

- **Single system experience**: Users will have a single system experience as they will be able to access both transactional and analytical reports from the Oracle EBS application without having to log into different systems.

18. Before Corporate Reporting can be implemented data held within Oracle will be cleansed and reporting users will need to be trained and supported to ensure that the new tools and capabilities are embedded within EMSS, the County Council and NCC. Manager reporting needs differ across the organisation but access whether that be to view one section or information across the entire business, will be in place.

19. Corporate County Council reporting dashboards for HR, Finance and Procurement information are currently being developed which will give managers instant access to this data.

20. Through the HR dashboards managers will have direct access to a range of workforce and attendance management information about their teams, which they can manipulate to identify trends across any given time period. The dashboards will replace some reports currently produced by Strategic

HR and give managers access to detailed HR information about their team that is currently only analysed at a departmental level.

21. Strategic HR will also have access to workforce, attendance management and equalities dashboards which they will use to support managers. Their access will allow analysis of corporate/departmental trends alongside drilling down into specific team/employee information.

22. A similar approach will be taken for the Finance dashboard which will build on the managers existing self service budget monitoring and forecasting reports, but give them more flexibility to manipulate information and link access to source documents such as the original invoice paid. This will give managers the opportunity to undertake financial modelling and enable them to manage their budgets more effectively.

23. An example of the HR dashboard that a manager will access is attached in the **Appendix**.

Recommendation

The Committee is asked to note the content of this report.

Background Papers

None.

Circulation under the Local Issues Alert Procedure

None.

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List of Appendices

Appendix – HR Manager Dashboard

Equal Opportunities Implications

24. As part of the County Council action plan, an equality impact assessment was undertaken and there are no equality issues arising from this

development. Selection to posts has been carried out in accordance with policy and was agreed with trade unions.