

Cheltenham Borough Council
Audit Committee – 20 June 2012
GO Shared Services update



Accountable Member	Councillor Jon Walklett Portfolio Holder for Corporate Services
Accountable Officer	Mrs Jenny Poole Head of GO Shared Services 01285 623313 Jenny.Poole@cotswold.gov.uk

Purpose of Report	To keep the Audit Committee updated with the developments in the GO Shared Services.
Recommendation(s)	That the Audit Committee receives the report and discusses issues relating to GO Shared Services;
Reason(s) for Recommendation(s)	The Audit Committee is to be kept regularly updated on progress on development of GO Shared Services.

Ward(s) Affected	None
Key Decision	No
Recommendation to Council	No

Financial Implications	The GO Programme aims to save the Council approximately £269,000 per annum through the sharing of Finance, Human Resources, Payroll and Procurement services.
Legal and Human Rights Implications	<p>The Support and Hosting of the Enterprise Resource Planning (ERP) ICT application is being carried out by Cheltenham Borough Council on behalf of all four authorities. This responsibility has been delegated by use of a section 101 agreement under the Local Government Act 1972.</p> <p>Responsibility for HR, Payroll, Finance and Procurement functions on behalf of West Oxfordshire District Council, Cheltenham</p>

	<p>Borough Council and Forest of Dean District Council are delegated to Cotswold District Council using section 101 powers</p> <p>There will be legal and Human Resource implications of establishing the shared service. These issues are being addressed by the GO Shared Services management team. Further reports will be brought back to this Committee and the Joint Monitoring and Liaison Group as appropriate.</p>
Environmental and Sustainability Implications	<p>The ICT equipment used to host the ERP system is sited in the server room at the Municipal Offices. Energy use in the server room is being monitored and it suggests that energy use has been increasing as the new servers have been introduced. This will have a detrimental impact on the council's energy costs and efforts to reduce the council's carbon emissions. This warrants further investigation to establish whether there is a case for apportioning the increased energy costs and carbon emissions across partner councils.</p> <p>There may be implications in the future when the remaining Shared Services are established resulting from staff commuting or travelling to meetings. These implications will be considered in future reports.</p>
Human Resource Implications	<p>There will be significant demand upon officer time both within the functions directly affected (Finance, Payroll, Human Resources and Procurement) as well as upon the wider organisation leading up to and following implementation at Cotswold District Council in August 2012. At the same time, the Cotswold HR team will also be supporting the restructuring of the Shared Service.</p> <p>The provision of services through a shared service arrangement, will lead to an overall reduction in the number of officers delivering services in these areas across the Councils. The GO Programme have agreed to manage this eventual reduction in numbers by active vacancy management. Vacant posts, which have arisen since 2009 and over the remainder of the implementation period, have been filled by temporary or agency staff or other such methods until the Shared Services have been fully established and final resourcing requirements ascertained.</p> <p>On 1st April 2012, staff working in Finance, HR, Payroll and Procurement services from the partner councils transferred under TUPE regulations to Cotswold District Council as the employing authority for the GO Shared Services.</p>
Key Risks	<p>The GO Shared Services management team maintains a risk register which is reviewed regularly and incorporates risks escalated from the individual project risk registers.</p> <p>The most significant risk relates to the resources required to implement the ERP system within tight timelines and competing demands for resources. The risk is being mitigated by having the GO ERP system as a top task within the Council's Corporate Plan and prioritising resource allocation to the Programme.</p>
Equalities Impact Assessment	<p>An equalities impact assessment has previously been considered by the JCC Committee. A further assessment will be prepared by the GO Shared Services management team in advance of</p>

	implementation of the restructuring which is due to take place in the autumn.
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Background Documents	None
Appendices	None

Performance Management Follow Up	<p>Performance reports will be made to the GO Client Officer Group (CBC representative Mark Sheldon) and the Joint Monitoring and Liaison Group – JMLG (CBC represented by Pat Pratley and the Portfolio Holder for Corporate Services).</p> <p>Further reports will be brought to the JMLG, Cabinet and Council at appropriate points.</p>
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1.0 Introduction

1.1 In July, Cotswold District Council, West Oxfordshire District Council, Cheltenham Borough Council and the Forest of Dean District Council all approved an updated business case for sharing Finance, HR, Payroll and Procurement services to be facilitated by the implementation of an Enterprise Resource Planning (ERP) System. The Business Case indicated that savings of £673,000 per annum are possible by sharing services. For Cheltenham Borough Council, it is estimated that £269,000 of savings are available. The Councils also agreed that Cotswold District Council would become the employing authority for the GO Shared Services partnership from April 2012.

1.2 Now that the shared services are in operation, the GO Programme Board and the Strategic Partnership Management Board, which constituted the governance arrangements in place to manage the development of the ERP system and the development of the shared service, have been superseded by a Joint Monitoring and Liaison Group (JMLG) and a Client Officer Group.

1.3 It is planned that the JMLG will meet on a quarterly basis (or more frequently if required) and will be supported by a Client Officer Group (COG) which will make recommendations as required to the JMLG. Full details of the roles and responsibilities of both the JMLG and the COG are set out in the GO Collaboration Agreement.

1.4 The first meeting of the COG was held on 25th May 2012. The first meeting of the JMLG is being arranged for June 2012.

2. Projects Update

2.1 The GO Programme comprised of a number of projects as set out below:

- **GOPA** Finance & Procurement CofE specification and creation process
- **GOPB** HR & Payroll CofE specification and creation process
- **GOPC** Support and Hosting CofE/Infrastructure implementation
- **GOPD** Finance configuration and process design
- **GOPE** HR configuration and process design
- **GOPF** Payroll configuration and process design

- GOPG Procurement configuration and process design
- GOPH-K System implementation at each of the 4 partner authorities
- GOPL System implementation at Cheltenham Borough Homes Ltd
- GOPM Review of banking contracts and insurance services
- GOPN Creation of Shared Service
- GOPO System implementation at Ubico Ltd

2.2 Projects A and B were completed in the summer of 2011 when each partner council approved the revised business case (v6.0) and delegated responsibility for the operation of GO Shared Services to Cotswold District Council.

2.3 Project C is also essentially complete as the ICT infrastructure is in operation at five of the GO Client sites, with Cotswold due to complete implementation in August this year. The ICT Support and Hosting Centre of Excellence is now responsible for future support and development of the GO Shared Services ICT infrastructure and is also supporting the Shared Service to enable officers to work flexibly.

2.4 Projects D to G were completed prior to the implementation commencing at Forest of Dean District Council.

2.5 Projects H to K are well in progress with Forest of Dean District Council system implementation completed earlier this year (barring some remaining snagging issues) and implementations at Cheltenham Borough Council and West Oxfordshire District Council are also nearing completion. Implementation at Cotswold District Council remains on course for August 2012 implementation.

2.6 Project L – implementation at Cheltenham Borough Homes Ltd is also nearing completion.

2.7 Project M is in progress and will be completed during the first year of operation of GO Shared Services.

2.8 Progress on Project N – creation of the Shared Services is set out in section 4 of this report.

2.9 Project O – system implementation at Ubico Ltd is also in nearing completion.

3. Establishment of the Shared Service

3.1 The TUPE transfers were successfully carried out and as of 1st April 2012 all the relevant employees transferred to Cotswold DC as the employing council. Welcome packs have been issued and induction sessions have been carried out. There have been regular consultation meetings regarding the TUPE process with the trade unions and employee representatives from the partner councils. The last of these was held on 11th April, at which lessons learned were captured, the trade unions and employee representatives confirmed that the process had gone well, and the employees involved had no issues.

3.2 The GO Shared Services senior management roles were in place formally from 1st April 2012, and work has now commence to shape the service (including accommodation issues) with the aim of completion during October 2012.

3.3 The Section 101 Agreements for the service delegations to Cotswold District Council, the revised Collaboration Agreement and the agreements for Cotswold District Council and Cheltenham Borough Council to provide services to Ubico Ltd were all completed and sealed by the end of March 2012 in preparation for GO Shared Services to come into operation on 1st April 2012. A few legal agreements, such as the secondment of deputy s.151 officers back to the partner councils, is being completed by the Cotswold legal team.

3.4 Many operational business processes have been standardised as part of the system implementation. However, there are some processes which require further consideration such as the overall budget setting process, budget monitoring processes and reporting, month end and year end procedures. The Shared Service Management Team has now taken ownership of these matters and will continue to make improvements to embed best practice and enable efficiencies to be delivered. Some of the changes to these processes will require consultation with Members at the partner authorities and the Management Team will ensure that this consultation is carried out. The JMLG will also have a role to play in reviewing proposed changes and helping to champion proposed changes at their respective authorities.

3.5 As part of standardisation, common Contract Procedure Rules and Financial Rules have been drafted for the partner councils. To date the Rules have been formally approved at West Oxfordshire District Council, Cheltenham Borough Council and Cotswold District Council. Forest of Dean District Council adopted the Contract Procedure Rules in April 2012 and the Financial Rules are planned to be adopted in July 2012.

3.6 The Annual Service Delivery Plan for the Shared Service has now been considered and approved by the COG at its meeting in May. In future, the plan for the following financial year will be prepared in the autumn for consideration by the COG by November each year.

3.7 Given that the Shared Service will be managing personal data for individuals, work has been carried out to ensure that individual's data protection rights are being protected. A small scale Privacy Impact Assessment has been carried out and the outcomes of the assessment will be reported to the COG at its next meeting. The Shared Services Management Team will take forward any recommendations for improvement.

3.8 As part of establishing the Shared Service, work has also been carried out on a Benefits Realisation Plan which details how the Shared Service will demonstrate that it has delivered the benefits as set out in the Business Case approved by all of the partner councils. The Benefits Realisation Plan has been incorporated into the GO Shared Services Service Delivery Plan and progress on benefits realisation will be reported to the COG and JMLG.

4.0 Communications and Training Update

4.1 Officers directly impacted by the shared services element of the GO Programme receive regular face to face updates from their respective Service Managers. This gives the opportunity for staff to receive updates on progress, to raise questions or provide feedback which is escalated to the GO Programme Office or to the GO Shared Services management team as appropriate.

4.2 The wider organisation is being kept updated on issues from the COG meetings via Operational Programme reports to SLT, GO Newsletters, Members Briefing updates, the GO website and CBC intranet. Training tools, including "how to" videos, will be included on the Council's intranet and the business change team will signpost officers to the appropriate pages. Training will also be provided on using the system to:

- order goods and services;
- raise invoice to debtors;
- approve annual leave requests;
- approve invoices for payment;
- produce budget monitoring reports.

5. Costs v Budget

5.1 The budget for implementation of the ERP system and the establishment of the Shared Service was £1.4m plus any one-off costs associated with the restructuring to take place in autumn 2012.

5.2 With the necessary re-phasing of the Programme, which saw the implementation of the ERP system at Cotswold District Council pushed back to August 2012, it is anticipated that the final costs will be around £1.5m. The additional funding has been found from within existing budgetary resources/contingency funds at the partner councils – i.e. no partner council has needed to formally request additional funding for the GO Programme.

6. Conclusion

6.1 It is a testament to the hard work and dedication of all of the officers involved in this programme that the Shared Services have come into operation on time and that the underpinning ERP system has been successfully implemented across the vast majority of the partnership.

6.2 There remains a considerable amount of work to complete, including:

- Implementation of the ERP system Cotswold District Council;
- Driving out the planned savings including the restructuring to be carried out in the autumn;
- Ironing out the snagging issues of system implementation;
- Further standardisation of business processes.

6.3 Throughout this programme, productive relationships have been developed across the GO Shared Services partnership at all levels. As the Head of GO Shared Services, I am confident that we can take on the challenges set out above and deliver successful partnership outcomes.