

Shared Services Joint Committee

Agenda

Date:	Friday, 12th March, 2010
Time:	10.00 am
Venue:	West Committee Room - Municipal Buildings, Earle Street, Crewe, CW1 2BJ

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. Apologies for Absence

To note attendances, substitutes, and any apologies for absence.

2. Public Speaking Time/Open Session

Members of the public are entitled to address the Joint Committee on reports contained within the agenda. One person can speak in support of each item, and one against, with a limit of three minutes each. It would be helpful if any person wishing to speak would give prior notice to the Democratic Services Officer named below.

3. Minutes of Previous meeting (Pages 1 - 4)

To approve the minutes of the meeting held on 3 February 2010.

4. Partnerships, Commercial Arrangements and their Relationship to Shared Services (Pages 5 - 14)

To consider a business development opportunity with Warrington Borough Council, and the development of a framework for relationships with external parties.

For any apologies or requests for further information, or to give notice of a question to be asked by a member of the public

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5. **Rotation of Committee Chairmanship**

Members are asked to note that in accordance with the Constitution the Chairmanship of the Joint Committee is due to change from Cheshire East Council to Cheshire West and Chester Council, with effect from the first meeting to be held in the 2010/2011 municipal year which will be on 28 May 2010.

The Constitution also states that meetings of the Joint Committee shall be held at the offices of the Member appointed as the Chairman. The administration of the meetings will, therefore, also transfer to Cheshire West and Chester Council.

6. **Transitional Shared Services Update** (Pages 15 - 24)

To consider an update including proposals for early disaggregation and transition, structure and location changes and extensions to transitional shared services.

7. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

PART 2 – MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT

8. **Staff Reduction - Sensory Impaired Service** (Pages 25 - 30)

To consider a report of the Borough Treasurer and Head of Assets Cheshire East Council, and the Director of Resources Cheshire West and Chester Council.

9. **Staff Reduction - Student Finance** (Pages 31 - 34)

To consider a report of the Borough Treasurer and Head of Assets Cheshire East Council, and the Director of Resources Cheshire West and Chester Council.

10. **Staff Reduction - Human Resources and Finance** (Pages 35 - 40)

To consider a report of the Borough Treasurer and Head of Assets Cheshire East Council, and the Director of Resources Cheshire West and Chester Council.

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Shared Services Joint Committee**
held on Wednesday, 3rd February, 2010 at the Municipal Buildings, Earle
Street, Crewe, CW1 2BJ

PRESENT

Councillor P Mason (Chairman)
Councillor Ford (Vice-Chairman)

Councillors D Brown, F Keegan, Jones and Short

Officers in attendance

Borough Treasurer and Head of Assets (Cheshire East Council)

Borough Solicitor (Cheshire East Council)

Director of Resources (Cheshire West and Chester Council)

HR Business Partner (Cheshire East Council)

Senior Manager Integrated Public Transport

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

2 PUBLIC SPEAKING TIME/OPEN SESSION

There were no questions from members of the public.

3 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 26 November 2009 be approved as a correct record.

4 TRANSPORT CONTRACT BADGE POLICY

Consideration was given a report of the Head of Planning and Transportation Highways and to the adoption of a policy for the issue of badges authorising drivers and escorts employed by third parties to operate vehicles in relation to transport contracts across the Boroughs of both Councils.

In considering this matter it was noted that the Constitution of the Joint Committee did not currently include a procedure for urgent decisions to be made should they become necessary between meetings; the Committee was asked to consider the addition of such a provision.

RESOLVED

1. That approval be given to the adoption of the policy, attached to the report, for the issue of badges authorising drivers and escorts employed

by third parties to operate vehicles in relation to transport contracts across the boroughs of both Councils.

2. That the Borough Solicitor be requested to prepare changes to the governing instrument to set up a formal process for taking urgent decisions outside the regular cycle of meetings, based on receiving the approval of two members, one being from each of the two Councils.

5 SHARED SERVICES UPDATE

Consideration was given to the joint report of the Borough Treasurer and Head of Assets (Cheshire East) and the Director of Resources (Cheshire West and Chester). The report provided an update on the transitional shared services due for disaggregation in 2009, the progress of a number of strategic reviews that were in the process of being carried out, and a work programme for future meetings.

It was confirmed that the Schools Admissions Service had ceased to be a Shared Service with effect from 31 October 2009.

RESOLVED

1. That confirmation be given to the closure of shared service arrangements for those services disaggregating in 2009 where the transition had been completed and approved by Joint Officer Board, i.e. the Schools Admissions service and that the details of the transition work in sections 7 and 12 be noted.
2. That the progress to date relating to the strategic reviews currently underway and the relation to the separately documented Voluntary Redundancy proposals to the Joint Committee be noted.
3. That the future agendas and proposed items for the Joint Committee be noted and that the programme of work required to meet this schedule be approved.

6 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involved the likely disclosure of exempt information as defined in Paragraphs 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

7 SHARED SERVICES - STAFF REDUCTIONS

Consideration was given to the joint report of the Borough Treasurer and Head of Assets (Cheshire East) and the Director of Resources (Cheshire West and Chester).

RESOLVED

That approval be given to the recommendations of the Joint Officer Board that: -

1. The application for Voluntary Redundancy, as detailed in the matrix attached to the report, be approved with effect from 30 March 2010.
2. That retrospective approval be given to the three Voluntary Redundancies from Cheshire West and Chester Borough Council in October 2009.

The meeting commenced at 2.00 pm and concluded at 2.30 pm

Councillor P Mason (Chairman)

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CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	12 March 2010
Report of:	Cheshire East – Borough Treasurer & Head Of Assets Cheshire West & Chester – Director of Resources
Subject/Title:	Partnerships/Commercial Arrangements and their relationship to Shared Services

1 Report Summary

- 1.1 This report provides details of a current opportunity to recover some costs of the ICT Shared Service through a commercial relationship with Warrington Borough Council. This will benefit both Cheshire East and Cheshire West & Chester by reducing the costs shared between the two authorities.
- 1.2 This report outlines how this opportunity relates to wider business development opportunities in the public and private sector and the requirement to explore the potential for future partnership and commercial arrangements. However, it also highlights some of the risks and implications of such arrangements which need to be addressed to ensure such opportunities can progress effectively.
- 1.3 This report clarifies the need to produce a framework detailing the different types of relationships with external parties (commercial opportunities, partnerships and joint ventures) and the rules that apply to each. This will supplement the existing legal agreements for shared services and provide a clear basis for developing relationships with external organisations.

2 Recommendations

- 2.1 That members confirm that the commercial opportunity with Warrington Borough Council be progressed in the short term, with appropriate contractual arrangements, to support the ongoing development of a long-term relationship with Warrington Council.
- 2.2 That members confirm that the opportunity with Warrington Borough Council will be progressed jointly by Cheshire East, Cheshire West & Chester and the ICT Shared Service, with Cheshire East taking the lead to coordinate activity across all parties as required.

- 2.3 That members approve the creation of a framework for developing ICT partnership and commercial opportunities, using the work with Warrington Borough Council as a test case on which to base the wider framework.
- 2.4 That members confirm that the work to create this framework will be done jointly by Cheshire East, Cheshire West & Chester and the ICT Shared Service, with Cheshire East taking the lead on this work.

3 Reasons for Recommendations

- 3.1 There are many areas of ICT where different public sector agencies procure and run the same thing. The financial pressures on the public sector mean that the time has gone when there is budget to support this duplication. Sharing ICT facilities and services will remove this duplication, thus reducing costs of procurement and service delivery to all involved.
- 3.2 The work with Warrington Borough Council (WBC) offers an opportunity to start such cost sharing through a commercial relationship. In the short term, this will be mutually beneficial to Warrington, Cheshire East and Cheshire West & Chester, potentially reducing the ongoing costs of running the Kelly House data centre.
- 3.3 Should a decision be made not to continue with the current opportunity with WBC, Warrington may develop relationships with other organisations so the future ability of Cheshire East and Cheshire West & Chester to enter into other commercial relationships with Warrington may be restricted.
- 3.4 The general Shared Service agreements and the current ICT Shared Service Business Plan makes no definitive recommendation or stipulation about how partnership initiatives or commercial opportunities should be taken forwards other than those in place between Cheshire East and Cheshire West & Chester. The absence of a partnership framework directly impacts the ability of both authorities to deliver ICT services through commercial relationships and partnerships to existing partners including schools and Health Services.
- 3.5 The development of this framework is a key pre-requisite to developing relationships with external organisations to ensure future opportunities are not missed.
- 3.6 It should also be noted that the issues raised in this paper relate to shared services other than ICT. The framework will provide a sound basis for these in developing relationships with external organisations.

4 Wards Affected

- 4.1 This report relates to shared services that operate across both Cheshire East and Cheshire West & Chester so all wards are affected in both Councils.

5 Local Ward Members

- 5.1 Not applicable.

6 Policy Implications including - Climate change - Health

- 6.1 Climate Change – a commercial arrangement with WBC is supportive of demand aggregation in a shared data centre resource able to maximise energy efficiencies and reducing the carbon footprint with the use of green technologies.
- 6.2 Health – defining a framework for commercial opportunities and partnerships is supportive of joint working initiatives with health bodies, such as the Primary Care Trusts in Cheshire and other related third party organisations, such as Age Concern.

7 Financial Implications for Transition Costs

- 7.1 The costs associated with the initial work to address the current opportunity with WBC may require additional resources in the short-term from the ICT Shared Service. These and all other costs will be subject to full cost recovery and, as such, no cost will be incurred by either Cheshire East or Cheshire West & Chester.
- 7.2 The work to develop a framework for engaging with external organisations will need to be progressed in parallel while realising the opportunity of the commercial arrangement with WBC.
- 7.3 The work to develop the wider framework may require additional resources from Cheshire East, Cheshire West & Chester and the ICT Shared Service. Cheshire East has offered to lead on this work. The costs associated with this additional resource have not yet been estimated.

8 Financial Implications 2009/10 and beyond

- 8.1 The typical cost to each Council of creating secondary data centre facilities is approximately £0.5m to £0.75m. By aggregating such demand into a 'shared resource' a public sector collective are able to

improve availability of services to the public, significantly drive out recurring spend and minimise ongoing revenue charges. The opportunity with WBC will start to develop such a collective and initially potentially reducing the ongoing costs of running the Kelly House data centre by between £15,000 and £28,000, depending on the volume of Warrington equipment to be installed.

- 8.2 Should the framework developed using the WBC opportunity as a test case prove successful, further partnership and commercial opportunities can be progressed, including, for example:
- Cheshire Fire & Rescue Services;
 - Cheshire Constabulary; and
 - Town and Parish Councils

9 Legal Implications

- 9.1 The legal authority for the Council entering into contractual agreements with both public and private bodies for the provision of services that generate income need to be determined in relation to each potential partnership opportunity.
- 9.2 Each opportunity must comply with European and domestic procurement law. This has lead time implications. A risk identified with the opportunity to provide services to Warrington Borough Council is that the timescales may not allow the requisite time to procure equipment.
- 9.3 The potential liability implications of delivering services to third parties need to be addressed. The potential loss that could be incurred in failing to provide a critical service must be considered and provision made for risk allocation and insurance on a case by case basis. Each opportunity will have specific legal implications for example does the lease on the Kelly House Data Centre contain any restrictions that would prevent the provision of services to Warrington Borough Council.
- 9.4 The financial implications of the collection and accounting for generated income need to be addressed.
- 9.5 The current Shared Service agreement for ICT makes no definitive reference to how partnership initiatives or commercial opportunities should be governed. If the Councils' decide that they will enter into contracts with third parties to deliver services through the shared service then guidelines are required. Issues to be determined include;
- Governance;
 - The identity of the contracting entity and lead authority
 - Content of contracts with third parties
 - Apportionment of profits
 - Allocation of risk
 - Treatment of intellectual property rights

- Cost of internal resource, and
- An exit strategy in the event that the ICT shared service is terminated.

10 Risk Management

10.1 There are a number of distinct risks associated with the immediate opportunity with WBC, including:

- Data Centre capacity – while it has been determined that there is 30% spare capacity in the data centre at present, it is not clear whether this is sufficient to support the proposed work planned by Cheshire East and Cheshire West & Chester and the equipment which Warrington wishes to install;
- Cost – linked to the issue with Data Centre capacity, there is a risk that both Councils may need to provide funding to further equip the data centre, i.e. fit out the second machine hall, should there be insufficient room. However, this work will, in all likelihood, be required at some point in the future to support Cheshire East and Cheshire West & Chester;
- Resource prioritisation – the workplan of the ICT Shared Service utilises existing permanent staff, leaving little capacity to undertake the additional work required to progress the Warrington opportunity unless external resources are appointed, potentially incurring additional cost. Alternatively, it is possible to defer some of the current workplan for Cheshire East and Cheshire West & Chester; and
- Timescales – Warrington wish to ensure that the equipment at the data centre is operational by April 2010. Work has yet to start so it is uncertain whether the network links and equipment can be installed in time.

10.2 More widely, there are risks associated with entering into commercial arrangements such as that with, including:

- Procurement – it is not clear whether European procurement rules will stop Warrington from progressing with this commercial arrangement so effort to progress this work may be in vain;
- Liability, indemnity and insurance – as previously stated, it is not clear which authority would hold legal liability for service delivery and how any risk associated with service delivery would be apportioned;
- Contract termination/grievance management – No exit strategy or policy to manage issues currently exists. This could impact both authorities liability and result in reputational damage;
- Revenue consequences – The ability to sustain ongoing costs should the arrangement be terminated needs to be determined; and
- Income sharing – it is unclear what income sharing arrangements will be required to ensure that Cheshire East and Cheshire West &

Chester receive a fair share of the income they each generate, minus full cost recovery.

- 10.3 The risks associated with the longer-term potential partnership and commercial arrangements will be identified as part of the work to develop an ICT partnership/commercial framework and mitigating actions identified. This will be presented to members for review and consideration in May. Examples include:
- Cost - a full cost analysis is required to understand the true cost of delivering ICT to Cheshire East and Cheshire West & Chester. Also, charging mechanisms to Cheshire East and Cheshire West & Chester are still being developed to ensure that existing clients are charged fairly. Until this is completed, there is a risk that the ICT Strategy teams in Cheshire East and Cheshire West & Chester cannot provide new external organisations with a clear schedule of charges for services to ensure that its costs are covered;
 - Performance – Although performance matrix have been agreed with the ICT Shared Service the mechanics for collecting performance data is not well defined, though basic collection measures are in place. Fit for purpose performance monitoring is required to enable Service Level Agreements to be developed and to support the committed service provision to Cheshire East, Cheshire West & Chester. Clearly, new clients will require similar levels of commitment; and
 - Business drivers and commitment – Cheshire East and Cheshire West & Chester have different business drivers and commitments. These could impact the ability to deliver a consistent service to partners and customers.

11 Background and Options

- 11.1 Legal arrangements, business plans and service delivery statements have been developed for all shared services and presented to the Joint Officer Board and the Joint Committee.
- 11.2 The Business Plan supplements the Service Agreement. It provides details of the Shared Service operation, plans and investment for the next three years. However, the requirements beyond the first year of operation are subject to change as each Council further develops their needs and objectives. As such, the Business Plan is subject to annual review and amendment as appropriate.
- 11.3 The Business Plan for the current year does not identify the opportunities to engage and deliver services to external organisations through partnerships or commercial relationships, other than those with which the shared service was already engaged. In this context, the mechanisms for engaging with external organisations are often defined as partnership working, but can be broken down into the following:

- “Partnerships” – There are many definitions of the term partnership and differences in the terminology recognised by public sector and from a legal prospective. However, for the purposes of this discussion, partnerships are engagements with other organisations in a shared manner, where the new organisation has a role to play in the overall governance of the service - the ICT Shared Service is an example a service focused Public/Public partnership. Other examples include:
 - Public/Private Partnerships (PPPs);
 - Local Strategic Partnerships (LSPs);
 - Public/Public Partnerships;
 - Private/Private Partnerships;
 - Joint Venture agreements (generic or contractual);
 - “Commercial arrangements”, where services and goods are provided to external organisations through a contract or service level agreement, but the external organisation does not sit on the governance body for the shared service; and
 - “Suppliers” - Arrangements where goods and services are acquired from an external supplier via a framework contract. The arrangement with A&O to provide desktops, laptops, blackberrys, etc. is an example of a supplier arrangement.
- 11.4 Full definitions and detail of these terms will be provided in the framework. It is anticipated that the framework will be presented to Joint Committee in May 2010 for review and will subsequently be incorporated into the business plan for the ICT shared Service for 2010/11
- 11.5 However, there are a number of opportunities for accelerating partnerships and commercial arrangements which warrant consideration now as they may not be present next year. A framework is needed to determine the most appropriate mechanism for progressing these opportunities.
- 11.6 The current Warrington opportunity is a commercial arrangement.

12 Warrington Opportunity

- 12.1 Kelly House, Chester is a purpose built (2009) local government data centre which supports the core ICT infrastructure of both Councils. The facility is leased by Cheshire East and Cheshire West & Chester and is managed by the ICT Shared Service.
- 12.2 Between them, Cheshire East and Cheshire West & Chester jointly occupy only one of the two data halls – the second data hall has not yet been setup to host further equipment. There is currently up to 30% capacity in the first data hall surplus to the requirements of both authorities which could be resold to generate income.

- 12.3 WBC is currently going through a large procurement exercise to replace core ICT Infrastructure. Part of their requirements is for secondary data centre capacity. To this end, Warrington Council is currently in constructive dialogue with Cheshire East Council and Cheshire West & Chester Council to use the Kelly House data centre facility for this purpose. Timeline requirements for operational implementation are circa April 2010.
- 12.4 The immediate opportunity is to provide WBC with capacity in the Kelly House data centre in which they will run and manage their ICT services in an active/active configuration with their primary data centre. Initial requirements would be for three racks in April 2010 with the potential to expand to five racks over time. It is anticipated that this will reduce the running the costs of the data centre by between £15,000 and £28,000 per year, depending on the volume of Warrington equipment to be installed
- 12.5 In the longer-term it is hoped that this will lead to wider collaboration, although the nature of this potential relationship has yet to be defined.

13 Partnership/Commercial Framework

- 13.1 Working in partnership is not a new concept and is a mechanism for delivering services local government has used for many years, effectively demonstrated by the shared service arrangements in Cheshire.
- 13.2 There are a number of partnerships and commercial arrangements already in place between Cheshire East, Cheshire West & Chester and external parties. Examples include the COSTAR ICT service provided to the Cheshire and Warrington Information Consortium (CWIC) and ICT services provided to Parish Councils and Age Concern.
- 13.3 There are a number of other opportunities currently being considered and taken forward in collaboration with Primary Care Trust (PCT), Cheshire Fire & Rescue, Cheshire Constabulary and a number of town/parish Councils. A specific example is the Common Access Framework (CAF) demonstrator which will be delivered in partnership between Cheshire East, the Central and Easter Primary Care Trust and other 3rd parties such as Age Concern.
- 13.4 The development of a robust, fit for purpose partnership framework which empowers both authorities to maximise their resources, skills, assets and knowledge while not impacting the delivery and quality of service delivered to both authorities will allow the opportunities to be pursued.

13.5 This framework will address:

- The scope of services to be shared, bought or sold with external organisations, the projected workplans and the associated impact on the resources of the shared service and each Council;
- The legal basis for sharing, clarifying the obligations of each partner in the current sharing arrangements and of the external organisation;
- The commercial model for the arrangement, including the cost sharing and the pricing basis for services;
- The performance levels to which the ICT Strategy teams, ICT Shared Service and the client organisations are willing to commit; and
- The governance framework for managing partnership arrangements including exit strategies and management.

13.6 To address all of these points, this work will entail extensive consultation with legal and other colleagues from Cheshire East and Cheshire West & Chester as well as the ICT Shared Service to ensure alignment between all parties with regards to the above.

14 Access to Information

The background papers relating to this report can be inspected by contacting the report writers:

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CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	12 March 2010
Report of:	Cheshire East – Borough Treasurer & Head Of Assets Cheshire West & Chester – Director of Resources
Subject/Title:	Shared Services Report regarding: <ul style="list-style-type: none">• Proposals for early disaggregation and transition for transitional shared services• Proposed structural and location changes in transitional shared services• Proposed extensions to transitional shared services

1.0 Report Summary

- 1.1 This report provides an update on activity relating to transitional shared services and proposals that affect their operation that require consideration by the shared Services Joint Committee.

2.0 Recommendations

- 2.1 That members approve the proposed changes to the shared service arrangements for:
- Sensory Impaired Services
 - Student Finance
 - Learning Resource Network
- 2.2 That members formally approve the ICT business plan as the basis for the operation of the ICT shared Service for 2009/10, recognising that it will be revised for the next financial year.

3.0 Reasons for Recommendations

- 3.1 The proposed changes for these services have been agreed with operational managers from both Councils and the shared service managers in accordance with the general shared service governance.
- 3.2 The changes to the Sensory Impaired Service provide clarity over the management arrangements for teams that are focused upon the

delivery of services to the geographical areas covered by Cheshire East and Cheshire West & Chester, while retaining the benefits of shared arrangements where appropriate.

- 3.3 The changes to the Student Finance shared service provide clarity over the team structure for the next year and provide an opportunity to transition these functions to the long-term arrangements earlier than originally anticipated.
- 3.4 The changes to the Learning Resource Network enable the functions delivered by this shared service to continue to be delivered while the most appropriate long-term arrangement is considered.
- 3.5 The ICT business plan was not formally approved by the Joint Committee. For completeness this needs to be approved as the basis of the operation of the shared service for 2009/10, recognising that it will be revised for the next financial year.

4.0 Wards Affected

- 4.1 This report relates to shared services that operate across both Cheshire East and Cheshire West & Chester so all wards are affected in both Councils.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 None.

7.0 Financial Implications for Transition Costs

- 7.1 For the changes to the Sensory Impaired Shared service, there are no additional costs associated with Phase 1 of the proposed disaggregation. Subsequent disaggregation may incur costs, though these have not changed from those originally developed for this transition.
- 7.2 The costs associated with the HR changes to the Student Finance service are presented separately. Other costs have not changed from those originally developed for this transition.

- 7.3 It should be noted that for the early handover of the functions of the Student Finance shared service no funding will be removed from the Council for an early transfer and staff will be released to undertake other work within the Council in their new role, thus potentially realising savings for both Councils.
- 7.3 For the Learning Resource Network, the business plan for 2009/10 indicated that costs of £140,905 were anticipated for the shared service. Assuming that the service continues in its current form, an additional cost of approximately £70,000 will be incurred in order to extend the shared service. This will, however, be offset by the reduced funding required for a disaggregated service – no figures are available for this at this time.

8.0 Financial Implications 2009/10 and beyond

- 8.1 For those services which are disaggregating, each Council will be separately responsible for managing budgets and costs for this service.
- 8.2 For those services where the sharing arrangement is extended, the contribution of each Council will need to be considered through an updated business plan that will now need to be agreed by both Councils.

9.0 Legal Implications

- 9.1 As the sharing arrangements for the Sensory Impaired Service, Student Finance and Learning Resource Network are being revised, the following legal documents will need to be revised:
- The Service Agreements for these services;
 - The secondment arrangements for these services.
- 9.2 The Administrative Agreement sets out the overall arrangements in relation to the manner in which the Authorities will work together.
- 9.3 A formal resolution of this Committee is necessary to provide a legal basis for the cessation or extension of a shared service.

10.0 Risk Management

- 10.1 There is a risk that, where services are disaggregated, the services provided by each Council separately do not deliver the required respective operational and financial outcomes. This will be monitored by each Council separately.

- 10.2 There is a risk that, where services are being extended, they do not deliver the required operational and financial outcomes required by both Councils. This will be monitored by the Joint Officer Board and Joint Committee.

11.0 Background and Options

- 11.1 Legal arrangements, business plans and service delivery statements have been developed for all shared services and presented to the Joint Officer Board and the Joint Committee.
- 11.2 The Business Plan supplements the Service Agreement. It provides details of the Shared Service operation, plans and investment for the next three years. However, the requirements beyond the first year of operation are subject to change as each Council further develops their needs and objectives. As such, the Business Plan is subject to yearly review and amendment as appropriate.
- 11.3 The Service Delivery Statement sets out the measures by which the shared service performance will be assessed, including performance indicators and benchmarks.
- 11.4 All services are now working in accordance to these agreements and plans, delivering services to both Councils under the guidance of the Joint Officer Board and the Joint Committee. However, as work progresses to deliver the work in these plans, potential opportunities and improvements are coming to light which require changes – three such opportunities are identified below.

12.0 Sensory Impaired Service

- 12.1 The original premise for maintaining this as a shared service until March 2011 was:
- To enable the flexible deployment of specialist staff to ensure continuity of provision for children, families and settings
 - To work towards a division of East/West caseloads, specialist equipment and pupil files
 - Time to offset the shortage of staff with additional qualifications/expertise in areas such as; Braille, sign language and additional needs through external specialist training routes
- 12.2 Due to work in both Cheshire East and Cheshire West & Chester, most of the above criteria have already been met as:
- Individual pupil files are now located within the correct authority
 - Audiological equipment has been divided on an East/West basis.
 - The majority of teaching caseloads are divided East/West with a few exceptions

- By 31st March 2010 the identified gaps in skills will have been met by training: and whilst recruitment of teachers holding the mandatory qualification remains a challenge the following arrangements have been made through staff development
- 12.3 In response to this progress it is proposed to bring forward the date for disaggregation of elements of this service through a phased approach beginning as early as possible in 2010. This early disaggregation will allow:
- Coordinators to contribute to the strategic planning for new services in both authorities now
 - Practical issues in meeting the demands in each authority will be resolved
 - Management systems for service will be clear and responsive regarding day to day matters, i.e. Staff will be clear about the requirements and systems within each authority
 - Equity of provision will be maintained in each authority
 - Clarity of financial details, accountability, systems will be enhanced
 - Human resource issues to be simplified resulting in less delay and misunderstandings
 - Moves to new locations which will enhance service delivery and clarity over clerical support
- 12.4 It is proposed that a 2 phase approach is taken to disaggregation:
- Phase 1; March 2010 - the proposal is to treat the specialist teaching and teaching assistant staff as one group for this exercise and disaggregate accommodation, budget and management.
 - Phase 2; from March 2011 - Broaden disaggregation to include Technicians, Specialist Teaching Assistant Hearing Impairment, Typing tutors and the Production Base from March 2011 as initially agreed.
- 12.5 The following implications of this proposal have been identified for 2010:
- Cheshire West and Chester - Four west staff currently working from Cheshire East buildings as part of the current pan-Cheshire service will need to be relocated into Cheshire West and Chester offices.
 - Cheshire East - Consider establishing a Service Level Agreement to use the Specialist Teaching Assistant (Hearing Impairment) who is vested to Cheshire West and Chester. Much of the post holder's specialised work is currently in Cheshire East and this proposal would enhance continuity.
 - Cheshire East - need to find office space for the East Sensory Coordinator and a location (preferably in Crewe) for the Admin Officer as both of these staff currently work from west buildings as part of a pan-Cheshire service.
 - Cheshire East - The temporary location of one teacher and 3 STAs working out of the Shavington High school, Crewe (due to lack of space at Delamere House) ends August 2010. These staff need to

be relocated with rest of the Cheshire East Sensory Team in new premises.

12.6 The following implications of this proposal have been identified for 2011:

- Both Cheshire East and Cheshire West & Chester need to employ their own Technician (HI/VI) for 15 hours a week minimum due to the amount of work that is generated from the provision of specialist equipment to pupils with a sensory impairment.
- There are major considerations with regard to the need for a Sensory Production Base in both local authorities. This is due to the complexity of software licences, shared equipment and sharing of workflow to ensure all pupils needs are met in both authorities.

12.7 Officers with oversight of Sensory Impairment in both Cheshire West and Chester and for Cheshire East are in agreement that finalising the division of the service will allow the respective teams to work efficiently and meet statutory responsibilities. Beginning such separation now will allow both local authorities to begin to establish their respective vision for Sensory Impairment.

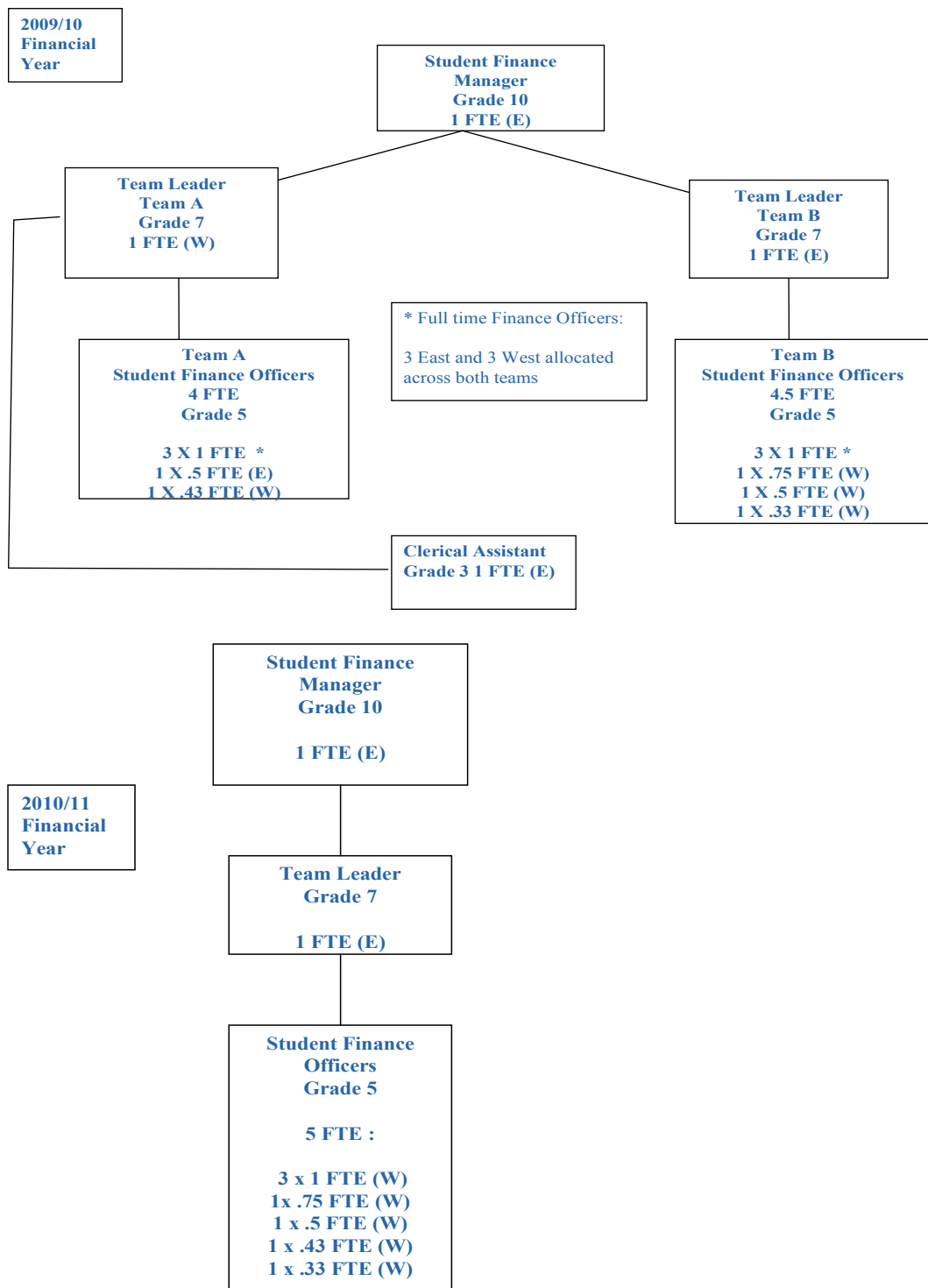
12.8 The shared view is that smaller teams co-located from one base will be more cost effective, as well as enabling the teachers, teaching assistants and other colleagues to meet more regularly which will facilitate greater cohesive working patterns.

12.9 In order for the service to continue to meet the needs of children and young people it is suggested that the move from Shared Services takes place as soon as practically possible with a recommended start date of 31st March 2010. This coincides with a number of staffing changes which are presented separately to the Joint Committee for consideration.

13.0 Student Finance

13.1 In accordance with the business plans for shared services, strategic service reviews have started for the following services:

13.2 The Transition Plan included in the business plan for this shared service outlined the proposed staffing reductions to be in place by the start of the 2010/11 financial year. The current and future structures are shown below.



- 13.3 A number of staffing changes are required to introduce this revised structure. These presented separately to the Joint Committee for consideration.
- 13.4 The performance of the service will be impaired if the remaining staff become insecure about their future employment when the service ends. Discussions are ongoing with the Shared Service Liaison group to redeploy all staff to suitable alternative positions at an appropriate time and minimise the operational risks of staff leaving early.

- 13.5 It is proposed to physically relocate all staff within the Strategic Support service around September 2010 which will provide an opportunity for staff to integrate other work and increase the prospect of successful job applications in another team. Staff will be given access to the redeployment scheme at an appropriate time. Each Council will be responsible for redeploying their own staff.
- 13.7 All local authorities were expected to retain statutory responsibilities until 31 March 2011 and handover at that date. The Department for Business Innovation and Skills (BIS) have now invited expressions of interest for an earlier handover date from January 2011. The view of the Liaison group is that an early handover may be beneficial and therefore a January handover has been requested (but cannot be guaranteed).
- 13.8 No funding will be removed from the Council for an early transfer and staff will be released to undertake other work within the Council in their new role. As such, it is proposed that the Shared Service progress an early handover of functions, if possible.

14.0 Learning Resource Network

- 14.1 The Learning Resource Network is a transitional shared service which is due to transition to the appropriate longer-term arrangements at the end of March 2010.
- 14.2 Work has been underway to identify an appropriate external organisation to take over the functions delivered by this shared service to both Councils and the wider partnership. This work has concluded that, at the current time, there is no appropriate organisation interested in taking over this function.
- 14.2 It is therefore proposed that the current sharing arrangements be extended for a period of 6 months to enable a strategic review to be undertaken to assess the potential options for the future of this shared service and provide a recommendation to the Shared Service Joint Committee. Work on this review has started, with the terms of reference agreed by Joint Officer Board.

15.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writers:

Officer: Lisa Quinn, Borough Treasurer & Head of Assets – Cheshire East Council / Julie Gill, Director of Resources – Cheshire West & Chester Council

Tel No: 01270 686628 / 01244 977830

Email: lisa.quinn@cheshireeast.gov.uk /

Julie.gill@cheshirewestandchester.gov.uk

Background Documents:

Documents are available for inspection at:

Cheshire East Cabinet Report – Shared Services – 7th October 2008
Cheshire West and Chester Executive Report – Joint Liaison Committee
Recommendations: Caretaker and Nominated Councils; Shared Services:
Service Delivery Option; Shared Back Office Services – 15th October 2009
Cheshire East Cabinet Report – Shared Services – 3rd March 2009
Cheshire West and Chester Executive Report – Shared Services – 18th March
2009
Cheshire East Cabinet Report – Shared Services – 23rd March 2009
Cheshire Shared Services Joint Committee Report – 10th June 2009
Cheshire Shared Services Joint Committee Report – 13th July 2009
Cheshire Shared Services Joint Committee Report – 3rd September 2009
Cheshire Shared Services Joint Committee Report – 30th September 2009
Cheshire Shared Services Joint Committee Report – 26th October 2009
Cheshire Shared Services Joint Committee Report – 26th November 2009
Cheshire Shared Services Joint Committee Report – 3rd February 2010

Documents are available for inspection at:

Cheshire East Democratic Services
Westfields
Middlewich Road
Sandbach
CW11 1HZ

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