



Shared Services Joint Committee

Agenda

Date: Friday, 27th January, 2012
Time: 2.00 pm
Venue: Cheshire West and Chester Council HQ, 58 Nicholas Street, Chester, CH1 2NP

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. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interest in any item on the agenda.

3. **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.

4. **Minutes of Previous meeting** (Pages 1 - 2)

To approve the minutes of the meeting held on 25 November 2011.

5. **Shared Service Position Statement** (Pages 3 - 18)

To note the position statement, and to endorse the transition logs for the Learning Resource Network and Autism Support.

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

Contact: Cherry Foreman
Tel: 01270 686463
E-Mail: cherry.foreman@cheshireeast.gov.uk

6. **Financial Review 2011-2012** (Pages 19 - 26)

To note the outturn position relating to current shared service arrangements.

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 1 and 2 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. **Shared Service Voluntary Redundancies**

Report to follow.

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Shared Services Joint Committee**
held on Friday, 25th November, 2011 in Committee Room 1 - Wyvern House,
The Drummer, Winsford, CW7 1AH

PRESENT

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

Councillors D Brown, M Jones, L Riley and S Parker (for Cllr Mike Jones).

OFFICERSCheshire East Council

Lisa Quinn – Director of Finance and Business Services
Julie Openshaw – Legal Team Leader
Steven Wilcock – Finance Lead
Cherry Foreman – Democratic Services Officer

Cheshire West and Chester Council

Julie Gill – Director of Resources
Amanda Ridge – Transformation Project Manager

17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mike Jones.

18 DECLARATIONS OF INTEREST

There were no declarations of interest.

19 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

20 MINUTES OF PREVIOUS MEETING**RESOLVED:**

That the minutes of the meeting held on 30 September 2011 be confirmed as a correct record.

21 MID YEAR PERFORMANCE REPORT

Consideration was given to a report summarising the mid year performance for all long term shared services set against their 2010-13 business plans. The report focused on delivery in the current year noting where targets were being achieved and highlighting areas of emerging challenge.

The remaining long term shared services include HR and Finance, ICT, Farms Estates, Emergency Planning, Archives, Libraries Specialist Support, Rural Touring Network and the Youth Offending Service; all being rated amber bar the last two which were green. The reasons for each individual rating were discussed these being factors as slippage in service delivery and/or budget forecasting which might result in an overspend at year end.

In considering the archives service it was commented that both Halton and Warrington Councils needed to be included in any future discussions as they were both directly involved through a previous Cheshire County re organisation for which different legacy arrangements applied.

It was noted that benchmarking data, shown in Appendix 1 of the report, had been improved thus providing a more robust approach to risk management; Members were requested to direct any particular queries on the detailed information to the Transformation Manager.

Appendix 2 of the report gave a detailed break down of the budget challenge for 2012-13 and, with regard to the Farms Estate, it was noted that a detailed review was to be carried out.

RESOLVED:

That the Shared Services mid year report for 2011-12 be noted.

The meeting commenced at 2.00 pm and concluded at 2.40 pm

Councillor P Mason (Chairman)

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	27 January 2012
Report of:	Cheshire East – Director of Finance and Business Services Cheshire West & Chester – Director of Resources
Subject/Title:	Shared Service Position Statement and Termination of Sharing Arrangements

1.0 Report Summary

1.1 This report provides a summary of the current position of the shared service arrangements between Cheshire East (CE) and Cheshire West and Chester Councils (CWAC). In particular it highlights those short term shared services that have recently disaggregated to enable a transition to separate delivery arrangements in each Council as planned.

1.2 Appendix 1 provides a summarised position statement on all current shared service arrangements.

2.0 Recommendations

2.1 That Members note the overall position statement relating to current shared service arrangements.

2.2 That Members endorse the Learning Resource Network and Autism Support Shared Service Transition Logs.

3.0 Reasons for Recommendations

3.1 The position statement aims to ensure that the Joint Committee are up to speed on recent developments concerning shared service arrangements.

3.2 The proposed termination of the transitional shared services listed have been agreed with operational managers from both Councils and the shared service managers in accordance with the general shared service governance.

4.0 Wards Affected

4.1 This report relates to shared services that operate across both Cheshire East and Cheshire West and 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 The sharing arrangements for the Autism Support Shared Service concluded on 31 August 2011. Budgets have been updated for each council and final year end position agreed.

7.2 The sharing arrangements for the Learning Resource Network were concluded on 30 September 2011. Outstanding commitments were agreed between CE and CWAC councils and residual funding was divided between the two authorities in line the shared Service Agreement, therefore the uncommitted balance of £741,786 was split 50/50 (£370,893 each).

8.0 Financial Implications 20011/12 and beyond

8.1 None

9.0 Legal Implications

9.1 The Administrative Agreement sets out the overall arrangements in relation to the manner in which the Authorities will work together. The Shared Service Agreement and Secondment Agreement set out the mechanisms for disaggregating transitional shared services.

10.0 Risk Management

10.1 There is a risk that where disaggregation of shared service arrangements are not formalised, that oversights may occur leading to deficits or imbalance in service delivery in the new arrangements put in place by former partners.

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 Plans supplement the Service Agreement. They provide details of the shared service operation, plans and investment for the next three years. These are regularly reviewed to ensure that they continue to meet the requirements of both councils.

11.3 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.

11.4 An overview providing a current position statement on each shared service is contained in Appendix 1.

12.0 Transitioning Shared Services

12.1 During 2010-11 the transition of several short term shared services has been completed with activity disaggregating to new arrangements within CE and CWAC. The governance supporting the shared service agreements require that the Joint Committee formally agree the termination of these sharing arrangements.

12.2 These include the Autism Support Shared Service and the Learning Resource Network and completed transition logs can be found in Appendix 2 and 3 respectively.

12.3 Transitional activity continues in several other areas as noted in Appendix 1.

13.0 Conclusion

13.1 Good progress has been made on delivering the shared service agenda across Cheshire East and Cheshire West and Chester Councils. Activity to terminate short term arrangements is proceeding to plan although finalising the associated processes is taking a little longer than expected in practice.

14.0 Access to Information

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

Officer: Lisa Quinn, Director of Finance and Business Services – 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:

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
Cheshire Shared Services Joint Committee Report – 12th March 2010
Cheshire Shared Services Joint Committee Report – 31st March 2010
Cheshire Shared Services Joint Committee Report – 28th May 2010
Cheshire Shared Services Joint Committee Report – 16th July 2010
Cheshire Shared Services Joint Committee Report – 17 September 2010
Cheshire Shared Services Joint Committee Report – 29 October 2010
Cheshire Shared Services Joint Committee Report – 26th November 2010
Cheshire Shared Services Joint Committee Report – 7th January 2011
Cheshire Shared Services Joint Committee Report – 25th February 2011
Cheshire Shared Services Joint Committee Report – 18th March 2011
Cheshire Shared Services Joint Committee Report – 29th July 2011
Cheshire Shared Services Joint Committee Report – 30th September 2011
Cheshire Shared Services Joint Committee Report – 25th November 2011

Documents are available for inspection at:

Cheshire East Democratic Services

Westfields

Middlewich Road

Sandbach

CW11 1HZ

or:

Cheshire West & Chester Democratic Services

HQ Building,

Nicholas Street,




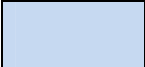
Chester,

CH1 2NP

APPENDIX 1 - CHESHIRE SHARED SERVICES: POSITION SUMMARY – 08.12.11

SERVICE NAME	REVIEW / END	CURRENT STATUS
HR and Finance	N/A	These shared services are currently being considered for transfer to a separate legal entity to facilitate greater collaboration with partners and to increase trading potential to generating further efficiencies for CE and CWAC. The development of the SLE will also resolve several HR issues which are set to be further complicated by revisions to Terms and Conditions in CE and CWAC. To support this, an outline business case and visioning brief have been developed and discussed with the Joint Management Team (JMT) and Joint Committee who have both approved the concept in principle. Work is underway to stabilise and improve service delivery and to explore the potential for additional partners. An update on progress is to be submitted to the JMT in February 2012.
ICT	N/A	
Occupational Health	N/A	
Farms Estate	N/A	The division of the Farms Estate portfolio has been agreed between CE and CWAC. At the Joint Committee in November Members requested that a review be undertaken to ascertain the viability of retaining the Estate Management function as a shared service. This work will commence in the new year.
Civil Protection / Emergency Planning	N/A	Sub-regional project underway to develop a multi-local authority shared service alongside a multi-blue light agency shared service with a longer term prospect of joining the two teams into a single multi-agency shared service.
Libraries Specialist Service	N/A	Alternative premises and capital expenditure have been secured to co-locate this shared services and to deliver associated efficiencies however this project has been subject to delay and will not now commence until April 2012. A review of the LSS have is underway with a view to defining and improving future service delivery. Joint Committee agreed that Councillors Brown (CE) and Parker (CWAC) to provide Member challenge to this review.
Archives	N/A	The Joint Committee have agreed a Member review of the Archive to assess the future of the shared service and its accommodation needs moving forward. Councillors Brown, Mason and Flude from CE and Councillors Parker and Crompton from CWaC are actively involved in the review. A site visit to a new archive facility in East Riding was undertaken in November to help inform the review.
Rural Touring Network	N/A	A new partnership arrangement with "Spot-on" Lancashire has been agreed.
Approved Mental Health Professional	N/A	Work is underway to transition this shared service in favour of a broader partnership arrangement with other local authorities who participate in this training programme. This is currently being delayed by IOM legal department.
Archaeology Planning and Advisory Service	N/A	A revised long term sharing arrangement was agreed by Joint Committee on 29.07.11. This involved a move away from the Secondment Agreement in favour of the TUPE transfer of two CE staff to CWAC.
Youth Offending Service	31 March 2011	Sub Regional Leaders have commissioned a review of YOS provision to explore further sharing opportunities across the region. At the Budget Challenge session JOB requested that an update be provided on progress and the implications for CE and CWAC early in the new year
Highways Maintenance Contract	31 October 2011	The Bam Nuttall contract concluded in CE early in October to be replaced with the Ringway Jacobs contract. However the Shared Service arrangement is set to run until 31.12.11 to ensure the effective and proper closedown of any residual business. A transition log has been requested to formalise closure of the shared service.
Urban Traffic Control	31 October 2011	This Shared Service arrangement is currently being disaggregated and will be completed by 31.12.11. A transition log has been requested to formalise closure of the shared service.
Integrated Transport	30.09.11	The bulk of this shared service has been successfully disaggregated to separate arrangements in CE and CWAC. However it was agreed that small areas of service(i.e. concessionary fares and Traveline) would remain shared until 31.12.11 pending further discussion around long term arrangements.

SERVICE NAME	REVIEW / END	CURRENT STATUS
Autism Support	Transitioned	This Shared Service arrangement has been terminated and the Transition Log will be presented to JOB on 27.01.12
Learning Resource Network	Transitioned	This Shared Service arrangement has been terminated and the Transition Log will be presented to JOB on 27.01.12
International Unit	Transitioned	Termination agreed by Joint Committee with transfer of funding to LEP but outstanding financial issues relating to Brussels office to be resolved. These are now subject to legal challenge. Log to be finalised and signed off
Drugs and Alcohol Team	Transitioned	Log to revised to reflect ongoing partnership. To complete by 31.01.2012


	Shared Services being considered as part of separate legal entity
	Shared Services to continue under governance model
	Shared Services in process of transitioning to alternate arrangements
	Shared services that have completed transition but final sign off outstanding

Service Transition Log

CHESHIRE AUTISM SUPPORT & DEVELOPMENT TEAM (CASADT) DISAGGREGATION & SHARED SERVICE ARRANGEMENTS for CHESHIRE WEST AND CHESTER (CWaC) and CHESHIRE EAST (CE)

Please find below a summary of the arrangements in place for CE and CWaC for the close down of the Shared Service

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
Management	Plan submitted and agreed by JOB. Lead officers for transition identified – Daphne Jones (CWaC) and Dave Richards (CE). Timetable agreed between Councils. Service Liaison Meetings attended by respective Lead Officers and Team Leaders.	Team Leader in post (CE). Team Leader in post (CWaC). All management functions separate. Service Liaison Meetings to take place every 6 weeks. Dates agreed.	Management of CWaC and CE disaggregated.		
People	All staff vested East and West on an agreed % basis.	All staff transferred to appropriate CWaC and CE bases by 31 st August 2011	Staff transferred to CWaC and CE bases. No unauthorised cross boundary working.		
Processes	Authorisations/access rights identified	Processes to be taken over by each Council identified and documented	Team organisation and processes completely separate and integrated into corporate model of respective LAs		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
Customers	Senior Stakeholders consulted. Communications Plan prepared.	Stakeholders informed. Third party relationships disaggregated.	Corporate communication brief circulated to confirm end of relationship.		
Technology	ICT resources identified within shared ICT programme.	Monitor and review ICT processes via Service Liaison meetings. To set a deadline for disaggregation of ICT resources as part of Service Liaison Meetings Access rights agreed.	All ICT resources shared between CWaC and CE and transferred to appropriate bases.		
Assets	All equipment audited. Agreements in place for deployment of equipment.	To set a deadline for disaggregation of materials as part of Service Liaison Meetings. Allocate assets to CWaC and CE.	Assets shared and allocated to each Council.		
Finance	Budget meeting with respective Finance Officers planned.	Budgets updated for each Council. Monitor and review via Service Liaison Meetings.	Budgets updated for each council and final year end position agreed  Autism Team SS MYR v2 Final f...		
Legals	Contracts and licences audited and updated.	Licence agreements to be reviewed as part of Service Liaison Meetings Contracts and licences will be transferred to each Council as appropriate within the dates agreed.	Contracts and licences transferred to each Council.		

Transition Log

CHESHIRE LEARNING RESOURCE NETWORK (LRN) DISAGGREGATION & SHARED SERVICE ARRANGEMENTS for CHESHIRE WEST AND CHESTER (CWaC) and CHESHIRE EAST (CE)

Please find below a summary of the arrangements in place for CE and CWaC for the close down of the Shared Service

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
People	VH returned to substantive post in CWAC	VH will continue to work on the LRN until closedown. Any cost of this work needs to be considered in the final closedown of accounts.	Almost complete, but no further charges necessary		
	AD temporary contract expired	£2,800 paid to Crossroads for AD's redundancy.	Complete		
	HM Fixed term contract expired	No costs incurred.	Complete		
	CA will continue in role as Shared Service manager until the shared service ceases.	Once the shared service ceases CA will return to his substantive post in CWaC.	Complete, CA has agreed to act as the contact for any business arising in relation to Joint LRN applications.		
	CB returned to substantive post in CWAC		Complete		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
Management	<p>Finalisation of Audit Report (this will need to accompany report to JOB)</p> <p>Agree lead officer, implementation and reporting requirements for LRN disaggregation to ensure completed by 30.09.11 at the latest . To include:</p> <p>JOB 25.05.11</p> <p>Joint Committee</p> <p>Internal reporting requirements</p> <p>Provide outline of alternative arrangements to be put in place CE (Learning Co-operative) and CWAC (joint working with other partners)</p> <p>Risk Register</p>	<p>The audit report has been distributed to the project teams.</p> <p>A team has been created for CE, including: Pauline Walsh Lisa Burrows Annas Feeney Maggie Swindells Sue Atkinson Leyna Stewart Martin Middleton Jackie Gray</p> <p>A team has been created for CWAC including: Joe Riley Colin Ashcroft Gareth Burroughes Maggie Sheppard Amanda Ridge</p> <p>A series of Joint meetings have been scheduled to take the LRN shard service through to its conclusion by 30.09.11.</p> <p>Both Councils are currently considering alternative mechanisms to provide the service.</p>	<p>The recommendations from the audit report will form the basis of the new arrangements for CE and CWaC.</p> <p>The following contacts and been agreed and communicated: Colin Ashcroft (CWAC) Lisa Burrows (CE) Sue Atkinson (CE)</p> <p>No further meetings considered necessary as business was concluded satisfactorily for all parties.</p> <p>Alternative arrangements have been agreed by each council and put in place.</p>		**attach minutes from Meeting in April
Processes	Processes to be taken over identified and documented	Processes for applications and management of applications have been mapped and will be distributed to CWaC and CE	Complete		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
		Outstanding CE Adult Services claim to be resolved (CA / CAx)	Complete		
Customers	<p>Advise stakeholders at LRN is to be dissolved in favour of separate arrangements East and West</p> <p>Produce a Communication Strategy</p> <p>LRN customer records copied and disaggregated to ensure effective communication with stakeholders concerning new arrangements in CE and CWAC</p>	<p>A letter has been sent from LRN board to advise that CE/CWaC are putting LRN on hold, this will then be followed by a letter from both Councils to confirm LRN is ceasing. Future letters will come from separate Councils to each relevant provider. Pan Cheshire providers to be addressed jointly until such time as they have been disaggregated.</p> <p>Each Council is developing their own strategy, but a collaborative strategy is needed for pan Cheshire recipients. – Process yet to be agreed</p> <p>There are paper files on each of the applicants (evidence) which can be divided between east and west. Minutes and reports etc are currently all available via the LGR shared server.</p> <p>LRN customers are held in a spreadsheet, this has been</p>	<p>Agreed approach required for potential future FOI requests.</p> <p>Final notification letter sent to all stakeholders on 23rd November to advise of alternative contacts for both East and West.</p> <p>Complete</p> <p>Complete - Documentation relating to each application has been provided in electronic and paper copies for CE and Joint applications.</p> <p>Complete</p>		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
	<p>Working with customers that have submitted an application which did not get approved due to timing of the dissolving of the LRN</p> <p>Workforce planning and Social Work Development Plans as developed by Chris Baker. A Toolkit has been developed “How to do a workforce plan”,</p>	<p>split into 3, East, West and Pan, these have been distributed to CE.</p> <p>These application details have been provided to CE and CWaC CWaC will contact applicants to refer to other funding sources where appropriate.</p> <p>These were submitted by a number of organisations and are available as part of the paper files (above). The template will be distributed to CE</p>	<p>Complete. East and West are making separate decisions on how applications are taken forward.</p> <p>Complete</p>		
Technology	Electronic databases cloned as required	Not relevant, the information is stored in spreadsheets, these have been copied to provide the relevant information to CE and CWaC.	N/a		
Assets	Inventory of equipment required to enable disaggregation to be agreed	<p>Pin Point Boards and kit 1 x Lap top cabinet 8 x lap tops 3 x Pop up marketing stands 1 x Fax machine 1 x Desk top PC</p> <p>Agreed that the above equipment will be retained by CWAC 11.07.11</p>	Complete		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
	DVD Library	<p>This is currently hosted by Care4You home care provider in Tarporley but arrangement ended in May 2011. No further costs will be incurred for this service, although they will continue to store unless another location is agreed.</p> <p>Will need to agree how library resource is divided or sustained. Could become part of a proposed network of Learning Zones or Education Library Shared Service.</p>	The DVD library has now been collected by CWAC, it has been agreed with CE that the small collection (with many duplicates) is split between CE and CWAC and to locate them in the respective learning zones. This fits with future network/co-operative intentions so will still be accessible to the wider sector.		
Finance	<p>Copy and disaggregation of past and ongoing funding records.</p> <p>Provide a clear position statement on current LRN funding.</p> <p>Provide a financial strategy for the disaggregation of LRN funding to include: schedule of outstanding commitments and agreed approach to how these will be dealt with by CE and CWAC moving forward.</p> <p>Balance of accounts for disaggregation (50:50)</p> <p>Prepare agreed closure of</p>	<p>Completed (JR provided this on 28/4) up to March 2011.</p> <p>From April 2011, work taking place to identify commitments for East, West, pan Cheshire.</p> <p>Clear position statement and disaggregation strategy is being worked on with Finance reps from both authorities.</p>	<p>Complete</p> <p>Complete</p> <p>Transferred on 11, November, 2011.</p>		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
	accounts statement include details of split of residual funding				
	Contingency arrangements	It has been agreed that CA will act as contact for any future liability issues which arise for CE, CWaC or Pan Cheshire. Funding will be disaggregated, with an agreement that latent liabilities will be funded jointly by each authority if any arise in the future.	Complete		
	Agree cancellation / transfer of subscriptions	Only one current subscription to SCILS which expires at the end of Sept 2011. Current cost is around £6k for the Cheshire sub region. This will become £6k for each Borough area if there is no recognisable sub regional partnership.	Complete		
	Budgets for alternative services developed	CWaC, this is being done in line with policy options.	Complete		
Legals	Achieve common understanding on current status of the LRN	It has been agreed that the LRN has now been dissolved in line with section 4.11 of the partnership agreement.	Complete		
	Current contracts identified and novation agreed as appropriate	Current contracts have been novated East or West, further discussions required to resolve	Complete CA/VH will oversee any necessary completions in		

Component	Phase 1 – Plan (service to complete)	Phase 2 – Execute (service to complete)	Phase 3 – Closedown (Service Directorates to complete)	Risk Rating (to be completed by JOB)	Reason (to be completed by JOB)
	<p>Ensure that LRN has been properly closed down: Partnership Agreement, MOU</p> <p>To ensure that legal requirements in delivering alternative arrangements in CE and CWAC are considered</p>	<p>who administers each of the pan Cheshire contracts.</p> <p>LRN has been dissolved as per 4.11 of partnership agreement.</p> <p>Skills for Care MOU lapses when LRN ceases a partnership.</p> <p>CWac, Legal advice is being sought as part of the options appraisal that is taking place.</p> <p>Legal advice also being sought in CE.</p>	<p>line with agreements</p> <p>Complete</p> <p>Legal representation from both CE and CWAC are satisfied with the final delivery arrangements in each council.</p>		

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CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	27 January 2012
Report of:	Cheshire East – Director of Finance and Business Services Cheshire West & Chester – Director of Resources
Subject/Title:	Updated Financial Review – 2011-12

1.0 Report Summary

- 1.1 2011-12 is the third operating year for many of the Shared Services. This report summarises the current forecast outturn position for Shared Services for 2011-12 at the Third Quarter point (based on actual expenditure as at the end of November 2011).
- 1.2 Full details of the outturn projection for individual shared services are shown at Appendix 1.

2.0 Recommendations

- 2.1 That Members note the overall outturn position relating to current shared service arrangements.

3.0 Reasons for Recommendations

- 3.1 The position statement aims to ensure that the Joint Committee are up to speed on recent developments concerning shared service arrangements.

4.0 Wards Affected

- 4.1 This report relates to shared services that operate across both Cheshire East and Cheshire West and 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 None

8.0 Financial Implications (Summary Outturn Forecast 2011-12)

- 8.1 As part of producing and reporting on the 2011-12 third review of the financial position, each Shared Service has been reviewed and a summary of actual costs to date and forecast outturn positions for each service agreed. This outturn forecast is then split according to the respective cost sharing arrangement for each service. This has then been compared to the 2011-12 budgets for each Authority to produce a budgetary variance and forecast outturn position.

Full details of the outturn projection for individual shared services are shown at Appendix 1. The table below provides details of the Shared Services collective position as at the final outturn position.

2011-12	Projected Outturn (@ TQR) £000	Budget £000	Variance -under/over (@TQR) £000	Variance -under/over (@MYR) £000
Total Cost	16,090	13,458	2,632	2,688
East Cost Share	7,799	6,208	1,591	1,619
West Cost Share	8,291	7,250	1,041	1,069

8.2 Summary of Key Issues

- 8.2.1 Those Shared Services with significant forecast budgetary variances (i.e. those with total budget variances in excess of £100K) are summarised in the table below and explained further in the following section. In addition significant changes in budgetary variance from MYR to TQR are also analysed.

2011-12		Cheshire East			Cheshire West		
Shared Service	Total Variance -under / over £000	Projected Outturn £000	Budget £000	Variance -under / over £000	Projected outturn £000	Budget £000	Variance -under / over £000
ICT	2,438	4,870	3,592	1,278	5,370	4,210	1,160
HR & Finance	164	1,516	1,273	243	1,516	1,595	-79

8.2.2 HR & Finance

Cheshire East

Since the Mid-year review the forecast overspend has reduced from £273K to £243K, due to careful management of staff vacancies, agency staff, sickness cover and consultancy. Work is on-going to reduce the residual overspend via the Business Management Review with the aim of improving a range of HR,

Income to Cash and procurement processes to deliver a very high level of compliance and to reduce costs.

Cheshire West and Chester

There has been careful management of staff vacancies, agency staff, sickness cover and consultancy. The service was pump primed at the start of the financial year due to the Oracle upgrade. Expectation over required support continues to be managed downwards during the financial year in anticipation of planned savings for 2012-13.

8.2.3 ICT

The overspend being reported by the ICT Shared Service is little changed from the reported mid-year position and in summary can be explained through 4 main contributing elements. These are:

1.	The recognised discrepancy between the ICT Service's zero base budget for 2011-12 and the actual budgets held by each client.	£1.223m
2.	The expected under-delivery against efficiency targets.	£.260m
3.	An overspend in relation to IP telephony contractors.	£.040m
4.	An under-recovery of income in relation to a reduction in the number of commissioned project hours.	£.915m
	Total Variance	£2.438m

In recognition of the anticipated overspend that is currently forecast against the client budgets, the ICT Shared Service is actively working to reduce both its in year expenditure and baseline costs through a number of key reviews and identification of efficiencies. The detail of the overspend and mitigating actions were detailed in the previous report received at the Joint Committee briefing session on 30th September. In summary the actions were:

- Performance Management
- Commodity Sourcing
- Recruitment Review
- Contract Spend Analysis
- Architecture Simplification
- Review of Target Operating Model
- Benchmarking

There are a range of efficiencies that are achievable in year as a result of these exercises, although it should be noted that some of these savings will sit directly in the client areas. Further savings are hoped to be achieved in later years.

The following table provides an update on the current position in respect of commissioning and delivery of project work:

Summarised Work Programme 2011-12

	East (to TQR)	West (to TQR)	Total (to TQR)
Total Expected Demand	36,000	42,000	78,000
Commissioned Hours to Date*	23,870	24,744	48,614
Hours Delivered to Date	19,790	21,040	40,830
Small Job Requests**	4,010	5,390	9,400
Oracle (internal provision)**	4,640	5,500	10,140
Returned Hours for closed / completed projects	1,560	3,030	4,590
Balance to be commissioned	5,040	9,396	14,436

* Commissioned hours to date (excluding Oracle) show approved hours on the project register but exclude variances pending client approval

** Oracle includes commissioned projects and small jobs

Progress since the last report includes:

- Delivery of commissioned project hours within the service remains on course to achieve the forecast 59,200 hours (This equates to 76% of the total expected demand).
- The service has now exited a total of 6 colleagues under Performance Management.
- Consultation on the revised Target Operating Model was launched 1st December. There is a target headcount reduction of 30% for the service (including Performance Management). A one-off extra-ordinary redundancy cost will be required to fund this scale of exit.
- The review of third party spend continues in order to drive out additional efficiencies.
- A review of income into the service has now commenced, this will include the areas of Telephony, Broadband, Schools Support Team, and General Fees and Charges.

The ICT Shared Service continues to face a number of issues that challenge its ability to meet a break-even position against its revenue budget. The lack of visibility of the overall demand plan for the year, coupled with potentially scarce resources in some areas, means that the service is forecast to overspend against its revenue provision at the end of the year. The situation will continue to be managed, monitored and reported on to Members throughout the year, highlighting developing issues as they arise.

JOB will receive a report at its next meeting on 19th January highlighting the extent of the delivery of the recovery plan and actions still required to ensure that the ICT Shared Service starts the next financial year with a balanced budget.

9.0 Legal Implications

- 9.1 The Shared Services Administrative Agreement and Financial Memorandum set out the overall arrangements in relation to the manner in which the Authorities will work

together. The Shared Service Agreement and Secondment Agreement set out the mechanisms for managing financial arrangements in individual shared services.

10.0 Risk Management

10.1 As part of the periodic financial review process, risks are identified and escalated to the Joint Officer Board to be considered for inclusion on the Shared Services Strategic Risk Register. The potential for budget overspends has been identified previously via this process and has been categorised as a “significant” risk and as a result is regularly monitored.

11.0 Background and Options

11.1 2011-12 has seen a significant reduction in the number of shared services going forward with only 11 formal shared services now being reported on, and of these, 9 remain on-going (following the closure in August and September 2011 of the Autism Support Service and the Highways Maintenance Contract respectively).

12.0 Conclusion

12.1 Cheshire East

Within Cheshire East, the 2011-12 Shared Services outturn reveals a projected overspend of £1.591m. The majority of this overspend (£1,278m) relates to the ICT Shared Service with approximately half relating to the shortfall on deliverable development hours chargeable to capital schemes, with the remainder arising from the difference between the east operational budget and the current cost base of the service.

The remainder of the over spend relates primarily to the HR & Finance Service and this is broadly in line with expectations. It will be tackled by reducing costs through a combination of increased compliance with corporate processes and new developments enabled by the Oracle system upgrade.

12.2 Cheshire West & Chester

The overall Shared Service projected outturn for Cheshire West and Chester of £1.041m overspend relates primarily to the ICT Shared Service position which is partially offset by a number of underspends within other Shared Services.

13.0 Access to Information

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

Officer: Lisa Quinn, Director of Finance and Business Services – 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:

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
Cheshire Shared Services Joint Committee Report – 12th March 2010
Cheshire Shared Services Joint Committee Report – 31st March 2010
Cheshire Shared Services Joint Committee Report – 28th May 2010
Cheshire Shared Services Joint Committee Report – 16th July 2010
Cheshire Shared Services Joint Committee Report – 17 September 2010
Cheshire Shared Services Joint Committee Report – 29 October 2010
Cheshire Shared Services Joint Committee Report – 26th November 2010
Cheshire Shared Services Joint Committee Report – 7th January 2011
Cheshire Shared Services Joint Committee Report – 25th February 2011
Cheshire Shared Services Joint Committee Report – 18th March 2011
Cheshire Shared Services Joint Committee Report – 29th July 2011
Cheshire Shared Services Joint Committee Report – 30th September 2011
Cheshire Shared Services Joint Committee Report – 25th November 2011

Documents are available for inspection at:

Cheshire East Democratic Services

Westfields

Middlewich Road

Sandbach

CW11 1HZ

or:

Cheshire West & Chester Democratic Services

HQ Building,

Nicholas Street,

Chester,

CH1 2NP

Shared Service	Host	TQR position 2011-12			Total Budget 2011-12 £	Total Projected Variance £	U / O	EAST COST SHARE + VARIANCE							WEST COST SHARE + VARIANCE								
		EAST Actuals* £	WEST Actuals £	Total Projected net cost £				East Share of Total Projected net cost £	%	Budget £	Variance TQR £	U / O	For info. Variance MYR £	For info. Variance FQR £	East Outturn Explanation	West Share of Total projected net cost £	%	Budget £	Variance TQR £	U / O	For info. Variance MYR £	For info. Variance FQR £	West Outturn Explanation
HR & Finance	CWAC	1,501,891	2,798,121	3,032,657	2,868,741	163,916	O	1,516,329	50%	1,273,014	243,315	O	272,713	152,360	Projected overspend has reduced since mid year forecast due to careful management of staff vacancies, agency staff, sickness cover and consultancy.	1,516,329	50%	1,595,727	-79,399	U	-50,000	0	There has been careful management of staff vacancies, agency staff, sickness cover and consultancy. The service was pump primed at the start of the financial year due to the Oracle upgrade. Expectation over required support continues to be managed downwards during the financial year.
ICT	CWAC	2,397,600	9,195,449	10,240,754	7,802,178	2,438,576	O	4,870,377	-	3,592,178	1,278,199	O	1,281,787	1,295,522	The projected variance of £1.3m is caused by a number of factors. The current shared service budget plan is based on the assumption that 80,000 development hours would be delivered and charged to capital projects in 11-12. Latest projections suggest that only 59,000 hours will realistically be delivered in year and this under recovery of costs explains about half the projected variance. The remainder of the variance relates to the mismatch between the current cost base of the shared service and the available east budget and this will be removed by the delivery of agreed savings in 12-13.	5,370,377	-	4,210,000	1,160,377	O	1,163,965	1,177,700	The current shared service budget plan is based on the assumption that 80,000 development hours would be delivered and charged to capital projects in 11-12. This is a revision to the original assumption of 90,000 and results in a £570k overspend due to the increase in the revenue cost base of the shared service. Latest projections however suggest that only 59,000 hours will realistically be delivered in year and this under recovery of costs mainly accounts for the further increase in overspend to the currently projected outturn.
Farms Estate	CE	-88,971	46,725	-484,991	-469,991	-15,000	U	-210,984	-	-195,984	-15,000	U	-15,000	-15,000	£15,000 underspend as forecast at MYR	-274,007	-	-274,007	0	-	0	0	Net nil projected as per MYR
Civil Protection (Emergency Planning)	CWAC	92,509	191,569	394,027	401,618	-7,591	U	197,014	50%	189,860	7,154	O	7,964	21,898	Projected overspend is due to unbudgeted employee costs resulting from post regrades / back pay in 11-12.	197,014	50%	211,758	-14,745	U	-13,934	0	Forecast variance is due to the expected underspends on non-pay budgets.
Occupational Health	CWAC	95,417	236,384	209,554	207,023	2,531	O	104,777	50%	97,838	6,939	O	11,231	11,562	Projected overspend has reduced slightly due to additional income from schools which is linked to increased spend on occupational health support.	104,777	50%	109,185	-4,408	U	-116	215	It is expected that the Service will be delivered in line with the Business Case budget. However additional income from schools which is directly linked to increased spend on occupational health support may lead to a slight underspend.
Archives	CWAC	135,727	198,686	488,922	488,922	0	-	244,461	50%	261,418	-16,957	U	-16,957	-16,957	Underspend reflects reduction in cost base from 10-11 outturn position.	244,461	50%	227,504	16,957	O	16,957	16,957	Overspend is due to budget reduction in respect of shared service efficiencies. Forecasts costs now higher than budgeted.
Libraries	CWAC	329,333	740,144	932,018	932,018	0	-	466,009	50%	435,176	30,833	O	23,208	38,458	The forecast adverse variance during this year is expected to be offset against a refund from the West for amounts overcharged in 2010-11.	466,009	50%	496,842	-30,833	U	-38,458	-38,458	Underspend is due to a reduction in the 2010-11 cost base as a result of efficiency savings
Rural Touring Network	CWAC	0	6,906	31,200	31,200	0	-	15,600	-	15,600	0	-	0	0	No anticipated outturn variance at this stage remains unchanged since FQR	15,600	-	15,600	0	-	0	0	No anticipated outturn variance at this stage remains unchanged since FQR
Autism Support	CWAC	50,447	72,031	122,478	135,699	-13,221	U	64,668	-	56,949	7,719	O	7,719	7,679	This service has ceased operation as a shared service. The minor overspend will be managed within broader CE outturn.	57,810	-	78,750	-20,940	U	-20,940	-20,976	This service has ceased operation as a shared service. Underspend is due to restructure within the service which has led to savings in staff costs.
Highways Maintenance Contract	CE	19,273	22,085	41,358	45,519	-4,161	U	22,333	54%	24,002	-1,669	U	-1,669	-2,170	Minor underspend due to staff time being spent on new contract procurement and other costs.	19,025	46%	21,517	-2,492	U	-2,492	-2,918	Minor underspend due to staff time being spent on new contract procurement and other costs.
Youth Offending Team	CE	-166,202	683,704	1,082,605	1,015,250	67,355	O	508,824	47%	457,881	50,943	O	48,503	19,286	The forecast overspend at TQR has increased by £2k since MYR. The plan to rationalise the service from 4 to 3 locations has been delayed thereby preventing the required savings being achieved. Also the service are currently operating at minimal level of resources due to reduced grant funding and are unable to absorb workloads due to staff absence (currently 3 long term); this is being covered by extensions of temporary contracts.	573,781	53%	557,369	16,412	O	13,660	-19,286	The forecast overspend at TQR has increased by £2k since MYR. The plan to rationalise the service from 4 to 3 locations has been delayed thereby preventing the required savings being achieved. Also the service are currently operating at minimal level of resources due to reduced grant funding and are unable to absorb workloads due to staff absence (currently 3 long term); this is being covered by extensions of temporary contracts.
TOTAL		4,367,024	14,191,804	16,090,582	13,458,177	2,632,405	O	7,799,408		6,207,932	1,591,476	O	1,619,498	1,512,638		8,291,174		7,250,245	1,040,929	O	1,068,641	1,113,234	

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