

# CHESHIRE EAST COUNCIL

## Cabinet

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**Date of meeting:** 24 March 2009  
**Report of:** Borough Treasurer & Head of Assets  
**Title:** Shared Services

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### **1.0 Purpose of Report**

- 1.1 This report updates Cabinet on progress made in collaborating with Cheshire West and Chester Council (CWACC) to deliver a number of the Council's functions on a 'shared' basis.
- 1.2 The breadth of services to be provided and the scale of the budgets to be shared make this one of the pre-eminent shared services arrangements in the Country. As such there are a range of commercial, legal and operational issues to be considered before entering into such a relationship.
- 1.3 However the relationship itself is also a key factor in the success of the collaboration. This report sets out the work done to date in building the links between the two Councils as well as addressing the aforementioned issues to structure the right deal for Cheshire East.
- 1.4 It should be noted that under current plans, a range of services will be provided by Cheshire East as 'host' authority on behalf of CWACC and similarly the latter will discharge some functions on behalf of Cheshire East. This report sets out the practicalities involved in setting this up and requests endorsement of the approach taken to date.

### **2.0 Decision Required**

Cabinet is requested to:

- 2.1 Ratify the lists of transitional and longer term shared services (Appendix 1);
- 2.2 Authorise the Joint Programme Development Team to proceed with ensuring the smooth transition to shared service operation at Vesting Day;
- 2.3 Delegate authority to the Borough Treasurer and Head of Assets in conjunction with the Portfolio Holder for Shared Services and the Portfolio Holder for Resources to finalise the legal documents to give effect to the shared services agreements;
- 2.4 Agree to enter into the necessary legal agreements to give effect to the shared services arrangements set out in this report subject to any amendments agreed

by the Borough Treasurer and Head of Assets, in conjunction with the Portfolio Holder for Shared Services and the Portfolio Holder for Resources;

- 2.5 Agree to the creation of a Joint Committee for the purposes of strategic decision making to facilitate shared service provision with Cheshire West and Chester Council and nominate three councillors to be members to the Joint Committee;
- 2.6 Agree to the discharge of its functions relating to the services specified in Appendix 1 by the Joint Committee for discharge by the Joint Committee as appropriate and pending such a resolution of the Joint Committee; agree to the discharge of those functions as specified in Appendix 1 where Cheshire West and Chester Council is specified as the host by Cheshire West and Chester Council;
- 2.7 Agree to accept responsibility for the discharge of the services specified in Appendix 1 where Cheshire East Council is named as the host on behalf of the Joint Committee or, pending such resolution by the Joint Committee, on behalf of Cheshire West and Chester Council;
- 2.8 Agree to the secondment, as appropriate, of staff working within the proposed shared service arrangement in respect of the services which are the responsibility of the Joint Committee;
- 2.9 Authorise the transfer of assets as appropriate to give effect to the shared services arrangements;

### **3.0 Financial Implications for Transitional Costs**

- 3.1 The recommendations contained within this report have no additional financial implications for transitional costs.

### **4.0 Financial Implications 2009/10 and Beyond**

- 4.1 The budgeted contribution of Cheshire East reflects the savings identified in respect of the shared services within the LGR business case.
- 4.2 Costs for 2009/10 will be shared between both authorities on a basis still to be agreed, but based on providing standard cost effective services to each authority and estimates of each authority's usage. If either authority requires a non-standard variation to agreed practices this may affect the overall costs of delivery.
- 4.3 Services will be expected to capture information on both usage and directly allocable costs incurred on behalf of each Authority and build these into more detailed cost share models for 2010/11 and beyond.
- 4.4 The Borough Treasurer and Head of Assets will regularly review the performance of the shared services and the impact of agreed cost share mechanisms on the contributions required from Cheshire East.

## **5.0 Background and Scope**

- 5.1 Progress by the Joint Programme Development Team (JPDT) on sharing a range of services with CWACC was reported to Cabinet on 3<sup>rd</sup> March 2009.
- 5.2 Currently 38 services have been identified as potentially benefiting from a shared approach either for the longer term or on a transitional basis. A host (discharging) authority has been identified for each and in the case of the transitional services a proposed date for exiting the arrangement and taking on sole responsibility for discharging the service within the Borough. The current list is provided at Appendix 1.
- 5.3 The JPDT continues to refine this list to take account of feedback received from senior officers and Members, however at this stage it is envisaged that any further changes are likely to have minimal impact on preparations for day one operations.
- 5.4 The JPDT has developed the agreed governance principles (as set out in the 3<sup>rd</sup> March report to Cabinet) into an inter-authority agreement which will contain a number of individual service and secondment agreements and an overarching administrative agreement. Together these documents will set out the mechanisms for managing the overall relationship between the Council and Cheshire West and Chester as well as the obligations of each in the discharge of the individual services and functions to required standards and cost.

## **6.0 Operation of Joint Committee**

- 6.1 The process for entering into the sharing of service requires a formal delegation of discharge (allowing one Council to deliver services on behalf of the other) which, given that some services are to be hosted by Cheshire East and others by Cheshire West & Chester, will be a resolution required of both Councils.
- 6.2 The initial delegation will be to a Cheshire Shared Services Joint Committee, which will then further delegate to the 'discharging' authority i.e. the Council that is hosting the service.
- 6.3 The Joint Committee will comprise 3 members from each Council, with terms of reference enshrined in the Administrative Agreement. In line with the collaborative approach to the relationship as a whole, the chairing responsibilities, legal and financial support roles for the Joint Committee and venues will be shared. The Chair responsibility will be rotated on an annual basis between the Councils. A similar set of principles will be adhered to by the Joint Officer Board that executes the Joint Committee's decisions.
- 6.4 Each Service Agreement requires the production of a business plan for the relevant shared service. For the first year of operation these will be completed by 31<sup>st</sup> May 2009.

6.5 For the longer term shared services this will include the projects and programmes to be put in place to optimise processes and productivity, in particular for the Back Office and ICT services. The Business Plan will identify the rolling 3-year revenue and capital expenditure requirements for a shared service and will be prepared annually by the relevant service manager to coincide with the Councils' individual budget processes. The first set of business plans will, together, form the Detailed Business Case for sharing services.

6.6 Business Plans will be reviewed by the Joint Officer Board and then submitted to the Joint Committee for approval. Final approval will remain with each of the Councils as part of the annual process of approving their overall budgets.

## **7.0 Risk Assessment**

7.1 Not entering into a shared service agreement with CWACC at this stage would require immediate disaggregation of the relevant services with substantial associated business continuity and service performance risk

7.2 Business continuity risk during transition is being addressed through:

- (i) Minimal service redesign and staff relocation through early stages of transition;
- (ii) Liaison with ORACLE LGR project team.

7.3 The completion of the various legal agreements will occur very close to the 31<sup>st</sup> March 2009 and there is therefore a risk that any late issues that can not be resolved in time will prevent the signing of the agreements. The JPDT is working hard to ensure that this does not happen and therefore mitigating this risk as much as possible. However the timescale inevitably means that this risk remains and the delegation will only be acted upon if the relevant officer and Member are certain that the agreements are in line with requirements of Cheshire East.

## **8.0 Conclusion and Reasons for Recommendation**

8.1 The following tasks need to be completed in order to enter into the sharing arrangement with Cheshire West and Chester Council:

- (i) Finalisation of inter-authority documents, including cost-share mechanisms for 2009-10 and 2010-11 onwards
- (ii) Identification of membership of the Joint Committee
- (iii) Identification of assets to be shared as part of this arrangement

8.2 To do so will require further work to be undertaken by the JPDT, taking account of information to be provided over the course of the period up to 31 March 2009. At this stage it is envisaged that the completion of documentation will be undertaken within the governance principles already agreed by Cabinet and hence it is suggested that the authority to complete the agreements be

delegated to the Borough Treasurer and Head of Assets and Shared Services Portfolio Holder and the Portfolio Holder for Resources.

**Appendices:**

*Appendix 1 – List of Services Confirmed for Sharing*

**For further information:**

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**Background Documents:**

*Cabinet Report – Shared Services – 7<sup>th</sup> October 2008*

*Cabinet Report – Shared Services – 3<sup>rd</sup> March 2009*

*Documents are available for inspection at:*

*Cheshire East Democratic Services*

*Westfields*

*Middlewich Road*

*Sandbach*

*CW11 1HZ*

## Appendix 1 – List of services confirmed for sharing

### Longer Term Shared Services

Ref	Service	Host	2008/09 Net Budget (£k)
A1a	Back Office Services	CWAC	4,540
A1b	ICT	CWAC	14,618
A3	Farms Estates	CEC	-221 (net income)
A4	Civil Protection / Emergency Planning	CWAC	413
A5	Occupational Health	CWAC	177
A6	Archives & Local Studies	CWAC	600
A8	Libraries Special Services	CWAC	2,940
A9	Emergency Out Of Hours Support	CWAC	750
A10	International Unit	CEC	343
A14	Rural Touring Network	CWAC	133
A15	Approved Mental Health Professional	CWAC	4

### Transitional Services

Ref	Service	Host	Proposed Review Date	2008/09 Net Budget (£k)
B1	Inclusion & Education	CWAC	09/09	30,000
B2	Autism Support	CWAC	04/11	314
B3	Sensory Impaired Service	CWAC	04/11	1,164
B4	Urban Traffic Control	CWAC	04/11	835
B5a	Highways & Geotechnical Lab Service	CWAC	04/10	TBA
B5b	Highways and Vehicle Term Maintenance Contract	CWAC	TBD	26,000
B6	Transport Coordination	CWAC	09/10	51,000
B7	Childcare Strategy	CWAC	03/11	212
B8	Children's Centres Development Programme	CWAC	04/11	265
B9	Schools Admissions	CWAC	09/10	408
B11	Student Finance	CWAC	04/11	354
B12	Support Services for Schools	CWAC	09/09	265
B13	Outdoor Education	CWAC	09/10	TBA
B14	Archaeological Service	CWAC	04/10	263
B15	Drug & Alcohol Action Team	CEC	04/10	TBA
B16	Commissioned Community Equipment Service	CEC	04/11	832
B17	Learning Resource Network	CWAC	04/10	TBA
B18	Cheshire Domestic Abuse Partnership	CEC	04/10	165
B19	County Contact Centre (Dalton House)	CEC	TBD	907
B20	Visual Impairment Service	CEC	03/10	270
B22	Apprenticeship Programme (NVQ)	CEC	04/10	TBA
B23	Mineral Waste & Planning	CWAC	TBD	246
B27	CBS Supplies	CWAC	TBD	-137 (net income)
B28	Learning Disability Pooled Budgets	CEC	03/10	32,500
B29	Youth Offending Team	CEC	TBD	1,200

### Non- Shared Services (out of scope)

Ref	Service
A2	Pensions
A11	Waste PFI and Disposal Contracts
A12	Extra Care Housing
B10	Schools Transport Policy
B24	Cheshire and Warrington Improvement Partnership
B25	Cheshire and Warrington Economic Alliance
B26	Weaver Valley Enterprise