

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICE JOINT COMMITTEE

Date of Meeting: 02 October 2015

Report of: Cheshire East – Chief Operating Officer
Cheshire West and Chester – Head of Finance

Subject/Title: Shared Services Performance Outturn 2014-15 and
Business Plan Review 2015-16

1.0 Report Summary

1.1 This report provides a summary of the outturn position for the remaining Shared Service arrangements between Cheshire East Council (CE) and Cheshire West and Chester Council (CWaC). As such it includes both financial and non-financial performance over the period 2014-15.

1.2 The report indicates that there has been a general improvement in terms of both financial and non-financial performance. Six Shared Services have been rated as “Green” in terms of their overall performance with one (OHU) maintaining its “Amber” rating. However this represents an improvement on the position forecast at mid-year and is the best performance since the shared services were introduced in April 2009. For the fourth year running the aggregated Shared Services are reporting an underspend against budgets. An overview of performance for 2014/15 is contained in Appendix 1 which also provides a summary of the challenges facing the Shared Services over the remaining period of the current three year plan.

2.0 Decision Requested

2.1 Recommended that the Shared Services outturn performance for 2014 -15 be noted.

3.0 Reasons for Recommendations

3.1 The Shared Services Administrative Agreement makes provision for the Joint Committee to receive outturn reports based on the information and measures contained in Shared Service Business Plans.

3.2 The Shared Services Performance Management Framework (PMF) has been developed over the past six years. As it currently stands it provides a good degree of rigour to regular business planning and performance monitoring with detailed reports being produced at mid year and outturn. Given the overall reduction in Shared Services and the resources to support overall governance it is considered that the current approach is sufficient to provide ongoing assurance that services are being planned and delivered to achieve stated objectives.

4.0 Wards Affected

4.1 This report relates to Shared Services that operate across both CE and CWAC so all wards are affected in both Councils.

5.0 Local Ward Members

5.1 Not applicable.

6.0 Policy Implications including

6.1 None.

7.0 Financial Implications

7.1 In 2013 three year business plans were produced for all remaining shared services to cover the period 2013 to 2016. Summaries of these plans were noted by the Joint Committee in June 2013. These have since been subject to annual review to ensure that they remain relevant and continue to meet the changing needs of each client.

7.2 At the 2014-15 outturn Shared Services are reporting an aggregated underspend of £449k. High level details of this position are provided below with a full breakdown of the financial position reported in paragraphs 11 to 16 with further details contained in Appendices 1 and 2.

2014-15	Mid Year review Projected Outturn £000	Budget £000	Variance -Under / Over £000
East cost	347	666	-319
West cost	471	601	-130
Total Cost	818	1,267	-449

7.3 **Cheshire East** - Within CE, there is a total underspend of £319k which relates to the underspends within Farms (£245k) and Archives (£48k) and Occupational Health (£20k) and Emergency Planning (£6k).

7.4 **Cheshire West and Chester** - The overall outturn figure is £130k underspend. As with Cheshire East, there are underspends within Farms (£37k), Emergency Planning (£21k) and Occupational Health (£10k) and Archives (£8k). In addition, there is an underspend within the Libraries Joint arrangement service of £52k.

7.5 Due to the reduced number of shared services and the level of budgets for these services, the Joint Committee agreed that finance updates are only reported twice yearly at Mid-Year and at Outturn, along with the performance measures. Therefore it is anticipated that the next finance update to the Joint Committee will be the Mid Year report around November 2015. However in

the event of any financial issues arising in the interim these will be reported at the earliest opportunity.

8.0 Legal Implications

8.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which authorities will work together. Shared Service Agreements and Secondment Agreements set out the mechanisms by which individual Shared Services operate.

9.0 Risk Management

9.1 The Shared Services Business Planning process requires that all Managers undertake a risk assessment in developing business plans. These were reviewed when three year business plans were developed for the period 2013-16. These business plans have recently been reviewed to ensure that the risks remain relevant to ongoing service delivery. Any high risks arising from this process will be considered by the Joint Officer Board to assess if they need to be recorded on the Shared Service Strategic Risk Register.

10.0 Background and Options

10.1 All Shared Services are underpinned by formal legal arrangements and business plans providing details of the Shared Service operation, objectives and investment. These require a degree of flexibility to enable an appropriate response to the changing needs of each council. Business Plans for 2013-16 set out the measures by which the Shared Services' performance has been assessed.

10.3 This report provides an overview of Shared Services performance and finances for 2014-15, the sixth year of operation and looks forward to the next 12 months of service delivery to CE and CWAC as highlighted in recently revised Business Plans setting the direction for 2015-16.

11.0 Performance Outturn 2014-15

11.1 This report summarises the current forecast outturn position at outturn for the current formal Shared Services for 2014-15.

11.2 Currently there are seven remaining Shared Services (six CWAC-hosted, one CE-hosted). Four are shared services where total costs are split against an agreed % cost share agreement as set out in formative Legal Agreements:

- Farms
- Occupational Health Unit (OHU)
- Archives
- Civil Protection – Emergency Planning

The remaining three of the services are subject to revised joint arrangement services where CE pay a fixed contribution to CWAC:

- Rural Touring Network (Grant funded)

- Archaeological Planning and Advisory Services (Transfer Agreement)
- Libraries (Transfer Agreement)

11.2 The table below provides headline indicator for overall performance for each of the above. This is based on progress against service objectives, performance against budget and national and local indicators as set out in Shared Service Business Plans for 2014-15. Current performance is set against historic performance to provide an indication of direction of travel for each shared service.

11.3 An assessment of improvement against baseline performance (where available) and targets, has been made to provide an indication of the direction of travel for each indicator. A RAG rating (Red / Amber / Green) has been applied to provide a judgement of overall performance based on these two elements. This suggests that six of the remaining shared services are performing well (Green) with one – OHU, maintaining an Amber rating i.e. mixed performance. This is an improvement on the mid-year point when a slightly less favourable position was reported, as outlined below:

Table 1

SERVICE		Overall Rating 2012-13	Overall Rating 2013-14	Mid-Year 2014-15	Overall Rating 2014-15
A03	Farms Estate	G	A	G	G
A04	Emergency Planning	A	G	A	G
A05	Occupational Health Unit	A	A	A	A
A06	Archives and Local Studies	A	G	G	G
A08	Libraries Specialist Support	A	G	G	G
A14	Rural Touring Arts	G	G	G	G
B14	Archaeology Planning Advisory Service	A	G	G	G

11.3 As far as possible each service have provided comparative performance against annual targets and the previous year's performance together with improvement targets for the current and following year.

11.4 It is acknowledged that the performance management framework (PMF) surrounding Shared Services could be more sophisticated than it currently is however any effort and resource to do this needs to be balanced against the potential benefits that this might deliver particularly given the overall reduction in Shared Service arrangements.

11.5 It is considered that as it stands the PMF is sufficiently robust for the residual Shared Services in that it provides for a regular assurance that services are being delivered to plan and targets are being met. It is therefore recommended that the current approach be maintained for the foreseeable future.

11.6 A detailed summary of current performance for each of the above is contained in Appendix 1 and Appendix 2 with a brief summary provided below.

12.0 Farms Estate

Outturn Budget Position: £242k U

- 12.1 Overall the Farms Shared Service is forecast to be £282k underspent largely attributable to the performance against budget of the East estate (-£245k), which is at a level similar to past years and consistent with the strategic policy objective of improving financial performance consequent on changing the structure of the estate i.e. a reducing number of maintainable properties per unit area. Progress on restructuring the CE estate was initially slow but this gathered pace in the year and is now generally on target with enhanced levels of receipts expected.
- 12.2 The small underspend for Cheshire West was predicted accounting for significant levels of disposals in 2014-15 which are ahead of target. Additional income has also been secured linked to the Single Farm Payments Scheme.
- 12.3 Work has been undertaken during the year to make the Farms Estate management costs more transparent. These were £54k underspent at outturn due to vacancy management and utilising consultancy support in the short to medium term.

13.0 Emergency Planning

Outturn Budget Position: £27k U

- 13.1 This Service has co-ordinated the response to 20 incidents in 2014-15 including 2 Major Incidents and 6 Major Incident Standbys. It has performed well in delivering the service in line with planned targets, has led both authorities' response to the Ebola crisis, and set-up flood grant schemes for residents and businesses impacted by flooding in 2013-14.
- 13.2 The end of year budget showed an under spend of £27k which can be attributed to a budget carry forward from CWaC (£11k) to finance new computer software which in the event was not required, some minor underspends and grant income.

14.0 Occupational Health

Outturn Budget Position: £30k U

- 14.1 Staffing issues continue to impact on the performance of the Unit although there has been some intermittent improvement when waiting times have been reduced resulting increased customer satisfaction. Requests for appointments declined and consequently client demand has been more manageable. Given this situation proposals to find a supply partner were temporarily suspended. The financial outturn (£30k u) has improved on the overspend forecast at mid-year as several schools (particularly in CWaC) returned to buying back services but this level of income cannot be guaranteed in future years. Whilst the overall performance of the OHU has improved the vagaries of the staffing situation mean that this may not be sustainable and therefore the resilience of the OHU remains questionable and therefore the exploration of alternative delivery models has been reinstated.

15.0 Archives and Local Studies Outturn Budget Position: £56k U

15.1 In 2014-15 the key focus for the Service was progressing the Archives Accommodation Project and saw the completion of a feasibility study, a comprehensive public consultation exercise and a Member workshop to explore their ambitions for future service delivery. Several other initiatives were undertaken to improve access to the Archive through improved outreach activity and digitisation of schools and asylum records. Over 2,300 people participated in these events and there were almost 1.5 million visits to the services website. The Cheshire Archive continues to be highly rated by its customers realising a score of 9.3 out of 10 on a national scheme. The financial outturn is favourable (£56k U) but this can largely be attributed to an imbalance of budgets between CE and CWAC which will be addressed in 2015-16.

16.0 Joint Arrangement services

16.1 The aggregated financial position for the Joint Arrangement (shared) services (Libraries SS, APAS and RTA) is a £54k underspend.

16.1 The Libraries Shared Service is demonstrating increased efficiency by delivering to plan against a backdrop of further staff reductions and restructuring within CWaC0000. The key focus for 2014-15 was the procurement and installation of a new library management system to support front line delivery in CE and CWAC in the anticipation of savings being delivered in 2015-16. Buy Back from the Education Library Service has improved in CWaC and this accounts for the £52k underspend against budget.

16.2 The Archaeology Planning Advisory Service (APAS) continued to be provided effectively during 2014/15 whilst a review and appraisal of future service delivery options was completed. The outcomes of the review process and recommendations were reported to and approved by the Joint Officer Board during February 2015. APAS will be incorporated within the CWAC Total Environment Service area and where appropriate, aligned with its broader business planning and Service development objectives. Delivery via a Shared Service model will continue for 2015/16 subject to an ongoing review of alternative delivery mechanisms. The financial outturn position for 2014/15 is balanced.

16.3 The Rural Touring Arts Network is delivering to plan with audience ratings and efforts to increase promotional activity via social media already above target. The financial position is balanced.

17.0 Moving Forward

17.1 Business Plans for the remaining Shared Services were produced in 2013 to cover the period up until March 2016. These have recently been reviewed to ensure that they continue to meet the needs of the Cheshire East and Cheshire West and Chester Councils going forward. Appendix 1 highlights key areas of focus for 2015-16 for each Service including:

- Continuing the Archives Accommodation Project to establish a shared vision to inform bids to secure internal and external funding;
- Introducing on-line payment facilities for Library users to increase efficiency and customer satisfaction
- Completion of OHU review activity to establish a resilient and appropriate delivery model for services to both Councils
- Ongoing delivery of Client Strategies for Farms Estates
- Implementation of recommendations of the Archaeology Planning Advisory Service and a new legal arrangements agreed by 31 March 2016.

14 Conclusion

14.11 There has been some overall improvement in the performance of the remaining Shared Services with six receiving a Green RAG rating and just one Amber rating. This demonstrates an improved position on the previous year (based on their performance against stated objectives). Budget performance has improved across the board from the mid year point and this is reflected in the overall position. However it is evident that ongoing staffing issues in OHU are affecting the unit ongoing resilience and as a consequence this continues to have an adverse impact on performance.

14.2 The overall approach to performance management is embedded and as it stands it is considered that this is sufficiently robust for this level of service. Over the next 12 months it is anticipated that the number of shared service operations may reduce further if alternative delivery models are agreed for OHU and APAS. In this event it will be timely to reconsider if the current approach to planning and performance is appropriate for the remaining shared operation going forward or if adjustments are required ahead of the 2016-19 planning cycle.

15 Access to Information

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

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Documents are available for inspection at:

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