

# CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

## REPORT TO: SHARED SERVICES JOINT COMMITTEE

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**Date of Meeting:** 26 October 2009  
**Report of:** Cheshire East – Borough Treasurer & Head Of Assets  
Cheshire West & Chester – Director of Resources  
**Subject/Title:** Shared Services Report regarding:

- Disaggregation of transitional shared services
- Business plan clarification

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### 1.0 Report Summary

- 1.1 This report provides an update on transition activity and indicates which services, where the sharing arrangements were scheduled to end in September 2009, have successfully completed the disaggregation.
- 1.2 This report also provides the Shared Services Joint Committee with further details relating to the Business Plans previously presented to the Joint Committee held on 30<sup>th</sup> September.

### 2.0 Recommendations

- 2.1 That members confirm the closure of shared service arrangements for those services disaggregating in September 2009 where the transition has now been completed and approved by Joint Officer Board, i.e. the Inclusion & Education and Early Years Reform Programme services. Details of the transition work are provided in sections 7 and 12.
- 2.2 That members confirm the extension of the Schools Admission shared service until 31<sup>st</sup> October 2009. Details of the transition work are provided in sections 7 and 12.
- 2.3 That members note the points of clarification provided relating to the questions about the business plans raised at the meeting of the Joint Committee on 30<sup>th</sup> September 2009. Details of these clarifications are provided in section 13. Further amendments to business plans may be required following the outcome of the visioning day scheduled for November 2009.

### **3.0 Reasons for Recommendations**

- 3.1 The shared governance and financial arrangements should be ceased for those services that have now been disaggregated as both Councils have now taken over the responsibilities associated with those services.
- 3.2 The extension of the Schools Admission shared service until 31<sup>st</sup> October 2009 is required to ensure continuity of this service for both Councils while activity to disaggregate this service is completed.
- 3.3 Points of clarification have been included in this report in order to respond to questions previously raised by members.

### **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 The net costs, not including grant income, associated with the shared services that have now been disaggregated have been calculated as:
- Inclusion & Education: £5,164,661;
  - Early Years Reform: £53,199.
- 7.2 Both of these services have delivered within the agreed total budget for the service. Appropriate recharges between the Councils are now being progressed.
- 7.3 Both Councils are now monitoring budgets and costs associated with the Inclusion & Education and Early Years Reform services separately, with no further recharges and cost sharing arrangements required.

7.4 For the Schools Admission service, additional shared cost may be incurred for the transition period. The additional 2 months may mean that the shared service incurs costs of up to £70,000 to be shared between both Councils as set out in the business plan for the service.

## **8.0 Financial Implications 2009/10 and beyond**

8.1 Each Council is now separately responsible for managing budgets and costs for those services where the transition has now completed and the sharing arrangements have ended.

## **9.0 Legal Implications**

9.1 As the sharing arrangements for these services have now ended, the following legal documents govern the procedures for finalising the disaggregation of service:

- 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 These documents and legal advice indicate that confirmation of the cessation of sharing arrangements by the Joint Committee is sufficient to legally end a shared service.

## **10.0 Risk Management**

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

## **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 Joint Officer Board and 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 the local authorities further develop their need and objectives. As such, this 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 Joint Committee.

## **12.0 Disaggregating Services**

12.1 Two shared services have now completed the disaggregation to separate services provided by each Council in accordance with the scheduled end for the sharing arrangements. These services are:

- Inclusion & Education;
- Early Years Reform Programme.

12.2 Reports have been provided to the Joint Officer Board evidencing the completion of these transitions to ensure that both Councils have effectively taken over the work provided by these services:

- For Inclusion & Education, both Councils have set up separate services, with appropriate staffing levels, taken over all statutory duties and split budgets, including grant and capital funding;
- For the Early Years Reform Programme, lead officers from both Councils have accepted the funding formula proposals delivered by the shared service and are progressing consultation with members from each Council separately to progress any specific implementation work.

12.3 The costs associated with each service have been calculated and the appropriate recharges made between the Councils.

12.4 The Schools Admission shared service was due to disaggregate in September 2009. Officers in both Councils have agreed that this should be extended while processes and staff are disaggregated and ICT issues are resolved.

## **13.0 Clarification of Previous Comments**

13.1 At the previous Joint Committee, questions and points of clarification were requested for the Business Plans and Service Delivery Statement documents for the following shared services:

- ICT
- Farms Estate
- Highways Maintenance Contract
- Archaeology

- Commissioned Community Equipment

13.2 For the ICT service, the following table contains clarification and responses to the points raised.

Comment	Response
As a trading organisation, should the ICT shared service have the ability to retain IPR?	As the ICT shared service is not a separate legal entity it cannot hold IPR itself. Instead, in the case where the IPR is specific to the shared service, or for jointly commissioned projects, this is jointly owned by CE and CWAC and formally agreed when the work is commissioned. Where work is specific to CE or CWAC, the commissioning authority retains IPR.
The CWAC and CE-specific work related to ICT needs to be subject to confidentiality agreements	At present, the work programmes of CE and CWAC are not confidential, though specific benefits and issues not relevant to the shared service are kept by the retained, strategic ICT teams. The work programmes are shared to encourage collaborative working in order to share, and thereby reduce, costs to both CE and CWAC.
The authorisation process is not clear – neither authority must seek approval from the other for commissioned work	The process documented is a summary of more detailed documentation outlining the commissioning process. Generally, where work is specific to either CE or CWAC, authorisation is not required from the other Council. However, in instances where the changes will impact on the other Council, e.g. changes to a shared system such as Oracle IBS, an impact assessment is done and then the proposed change ratified by the ICT Service Group which comprises both CE and CWAC
The capital and revenue expenditure in the finance section is unclear	The revenue described in the finance section is the budgets as provided by CE and CWAC. These have been calculated independently and have different assumptions, e.g. CE did not assume any income, but CWAC did and increased the staffing budget in line with the projected income. The capital section describes the capital programmes of both CE and CWAC as known at the time of writing and shows the contribution of each Council separately. The revenue and capital sections do not tally as the budgets developed by both CE and CWAC did not include capital other than the small amount included by CWAC as income.

- 13.3 For the Farms Estate service, the following table contains clarification and responses to the points raised.

Comment	Response
What happens if CWAC sell off their Farms, i.e. how are the costs handled?	The current business plan states that costs will be charged to CE and CWAC according to the volume of farms managed. This business plan is provisional, based on the current asset management strategy which is currently agreed, though is now being reviewed by CWAC. Should this change, the sharing arrangements will need to be revisited to ensure a fair arrangement for both Councils.

- 13.4 For the Highways Maintenance Contract service, the following table contains clarification and responses to the points raised.

Comment	Response
What is the expiration date of the contract and has this been extended?	The contract was scheduled to run until 2011. An extension was offered and accepted by Nuttalls, though after LGR. Current legal advice indicates that the contract is still only in effect until March 2011. However, both CE and CWAC officers are currently investigating the possibility of extending this contract until 2012.

- 13.5 For the Archaeology service, the following table contains clarification and responses to the points raised.

Comment	Response
Who has the legal responsibility for the maintenance of the historic record?	The Archaeological shared service maintains the historical record on behalf of both CE and CWAC. Legislation states that each Council is required to maintain, or have access to, a historical environment record. Any statutory duty remains with the Council for the area in which the duty arises, but they may chose to ask another Council to carry it out for them. Should the duty not be performed then the owning Council is liable and would have to seek recompense from the Council who was undertaking it for them. The shared service agreements have an indemnity clause for this reason. The shared service also provides an archaeological service for Halton and Warrington but that does not mean that CE or CWAC have taken on the stat duties of those authorities.

13.6 For the Commissioned Community Equipment service, the following table contains clarification and responses to the points raised.

Comment	Response
What is provided by this service?	<p>This service provides a wide range of equipment to support adults and children with a physical disability to live an independent life as far as possible.</p> <p>This equipment includes specialist beds, mattresses, bath lifts, hoists, shower chairs and raised toilet seats. There are 25 items on the retail catalogue, plus larger items on the supplier catalogue.</p> <p>The retail catalogue provides for directly redeemed prescriptions with the retailer. The supplier catalogue is accessed via a prescription to Choicequip who then access the suppliers directly, for more complex larger items. The CES does not provide wheel chairs which is the responsibility of the NHS.</p>
Why was this delivery model chosen?	<p>In March 2007, the County Council initiated a process of re-tendering the community equipment service as a whole from April 2008, with options for social enterprise as well as community equipment contract delivery. The Government in June 2007 allowed the commissioning body to consider a further alternative in establishing Cheshire as a lead pilot for a Retail Model.</p> <p>The rationale for Cheshire in adopting the retail model was founded on the basis that it represented a service more aligned to meeting the needs and expectations of service users, as identified under research carried out during 2005/06.</p> <p>Through the retail model for Cheshire:</p> <ul style="list-style-type: none"> <li>• Service users would have better access, with retail stores more locally based</li> <li>• Retail stores would provide a greater choice in the equipment they purchased</li> <li>• The retail offer would include access to a wide range of equipment</li> <li>• The retail concept reflected service user requirements, providing choice, service and access.</li> </ul> <p>The model also more closely aligns with the agenda on personalisation.</p>
Is transition to the voluntary sector being	Before a decision is made on the future of the shared service, an options appraisal needs to be

Comment	Response
considered when the service is due to cease the sharing arrangements?	conducted. Broadly there are 3 main options, split the service east and west, retain the service on a more permanent partnership basis, expand the service to include other local authority partners. Consideration would be given to the possibility of the third sector, as part of this appraisal, running the service. Whatever the outcome, partners would need to ensure that appropriate financial controls are in place with proper levels of accountability in an agreed governance framework.
Is the equipment provided by the service reused?	Large items of equipment are recycled - beds, mattresses, hoists, bath lifts children's equipment on an agreed basis with the suppliers. It is often not cost effective to recycle smaller items such as raised toilet seats. Equipment which is recycled has to be collected, decontaminated, refurbished (if necessary), stored and then delivered to the next customer.

#### **14.0 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](mailto:lisa.quinn@cheshireeast.gov.uk) /

[julie.gill@cheshirewestandchester.gov.uk](mailto:julie.gill@cheshirewestandchester.gov.uk)

#### **Background Documents:**

*Documents are available for inspection at:*

*Cheshire East Cabinet Report – Shared Services – 7<sup>th</sup> 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 – 15<sup>th</sup> October 2009*  
*Cheshire East Cabinet Report – Shared Services – 3<sup>rd</sup> March 2009*  
*Cheshire West and Chester Executive Report – Shared Services – 18<sup>th</sup> March 2009*  
*Cheshire East Cabinet Report – Shared Services – 23<sup>rd</sup> March 2009*  
*Cheshire Shared Services Joint Committee Report – 10<sup>th</sup> June 2009*  
*Cheshire Shared Services Joint Committee Report – 17<sup>th</sup> July 2009*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2009*

*Documents are available for inspection at:*

*Cheshire East Democratic Services  
Westfields  
Middlewich Road  
Sandbach  
CW11 1HZ*