

# **CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL**

## **REPORT TO: SHARED SERVICE JOINT COMMITTEE**

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<b>Date of Meeting:</b>	12 <sup>th</sup> March 2010
<b>Report of:</b>	Cheshire East – Borough Treasurer & Head Of Assets Cheshire West & Chester – Director of Resources
<b>Subject/Title:</b>	Shared Services Report regarding: <ul style="list-style-type: none"><li>• Proposed extensions to transitional shared services</li><li>• Outputs of a strategic review for the Highways &amp; Geotechnical Laboratory shared service</li></ul>

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### **1.0 Report Summary**

- 1.1 This report provides an update on transitional shared services and outlines the reasons to extend the sharing arrangements for 2 services.
- 1.2 This report also provides a summary of the strategic review carried out for the Highways & Geotechnical Laboratory shared service. The detailed reports have been submitted separately to the Joint Committee for consideration.

### **2.0 Recommendations**

- 2.1 That members approve extensions of the legal sharing arrangements for 6 months until 30 September 2010 for the following shared services:
- Youth Offending Service
  - CBS Supplies
- 2.2 That members review the findings and recommendations of the strategic review undertaken for the Highways & Geotechnical Laboratory shared service, attached as an Appendix to the report in part 2 of this agenda. Members are also asked to approve the separately documented VR proposals to the Joint Committee in part 2 of this agenda.

### **3.0 Reasons for Recommendations**

- 3.1 The proposed changes for these services have been agreed with operational managers from both Councils and the shared service managers in accordance with the general shared service governance.

- 3.4 The changes to the Youth Offending Service and CBS supplies shared service enable the functions delivered by these shared service to continue to be delivered while the most appropriate long-term arrangement is considered.
- 3.5 The Highways & Geotechnical Laboratory shared service is not economically viable in the long-term in its current configuration and is currently operating at a loss. The recommendations outlined in the reports presented separately to members will address this issue.

#### **4.0 Wards Affected**

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

#### **5.0 Local Ward Members**

- 5.1 Not applicable.

#### **6.0 Policy Implications including - Climate change - Health**

- 6.1 None.

#### **7.0 Financial Implications for Transition Costs**

- 7.1 For the Youth Offending Service, the business plan for 2009/10 indicated that net costs of £1,089,197 were anticipated for the shared service. Assuming that the service continues in its current form, an additional cost of approximately £544,598 will be incurred in order to extend the shared service. This cost will be split as follows:
- 53% payable by Cheshire West & Chester, i.e. £288,637
  - 47% payable by Cheshire East, i.e. £255,961
- 7.2 For the CBS Supplies, the business plan for 2009/10 indicated that net income of £137,000 was anticipated for the shared service. Assuming that the service continues in its current form, an income of £68,500 will be realised through the extension of the shared service. This income will be split evenly between Cheshire East and Cheshire West & Chester.
- 7.3 These costs will, however, be offset by the costs associated with running separate services in Cheshire East and Cheshire West & Chester. No figures are available for this at this time.

- 7.4 The detailed reports for the Highways & Geotechnical Lab shared service provide details of the transition costs associated with the documented recommendations.

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

- 8.1 For those services where the sharing arrangement is extended, the contribution of each Council will need to be considered through an updated business plan that will now need to be agreed by both Councils.
- 8.2 The detailed documents for the Highways & Geotechnical Laboratory shared service provide further information about the potential cost savings associated with recommended changes to this shared service.

## **9.0 Legal Implications**

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

## **10.0 Risk Management**

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

## **11.0 Background and Options**

- 11.1 Legal arrangements, business plans and service delivery statements have been developed for all shared services and presented to the Joint Officer Board and the Joint Committee.

- 11.2 The Business Plan supplements the Service Agreement. It provides details of the Shared Service operation, plans and investment for the next three years. However, the requirements beyond the first year of operation are subject to change as each Council further develops their needs and objectives. As such, the Business Plan is subject to yearly review and amendment as appropriate.
- 11.3 The Service Delivery Statement sets out the measures by which the shared service performance will be assessed, including performance indicators and benchmarks.
- 11.4 All services are now working in accordance to these agreements and plans, delivering services to both Councils under the guidance of the Joint Officer Board and the Joint Committee. However, as work progresses, the need to extend some of the shared service arrangements is being identified, as outlined in the following sections.
- 11.4 A number of shared services committed to undertake strategic reviews to determine the most appropriate delivery model for the future in the business plans. The Highways & Geotechnical Laboratory has now completed this review for consideration by the Joint Committee.

## **12.0 Youth Offending Service**

- 12.1 The Youth Offending Service is a transitional shared service, scheduled to end on 31<sup>st</sup> March 2010, subject to a strategic review of the needs of both Cheshire East and Cheshire West & Chester.
- 12.2 The scope and nature of the strategic review has been agreed by senior officers from both councils and will consist of 2 phases of work:
- Phase 1 will be undertaken separately by each Council to gain a better understanding to their requirements of this service
  - Phase 2 will be a joint review to determine the most appropriate option for satisfying these requirements and the wider statutory issues associated with Youth Offending.
- 12.3 The review and subsequent transition will not be completed before 31<sup>st</sup> March 2010. It is therefore proposed that the current sharing arrangements be extended for a period of 6 months to enable the strategic review to be completed and recommendations presented to the Shared Service Joint Committee.

## **13.0 CBS Supplies**

- 13.1 The CBS Supplies service is a transitional shared service, scheduled to end on 31<sup>st</sup> March 2010, subject to a strategic review to determine the most appropriate long-term model for delivering these functions.

- 13.2 The terms of reference for this review and an initial draft report has been developed.
- 13.3 While further analysis is required, it is clear that it will not be possible to complete any transition of the shared service to a new model before 31<sup>st</sup> March 2010. It is therefore proposed that the current sharing arrangements be extended for a period of 6 months to enable the strategic review to be completed and recommendations presented to the Shared Service Joint Committee.

#### **14.0 Highways & Geotechnical Lab**

- 14.1 Details of the strategic review and the associated transition implications are reported in part 2 of this agenda.

#### **15.0 Access to Information**

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

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#### **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 – 13<sup>th</sup> July 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> October 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> February 2010*

*Documents are available for inspection at:*

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