

SHARED SERVICE JOINT COMMITTEE

Date of Meeting: 2 August 2019

Report of: Cheshire East – Director of Financial and Customer Services
Cheshire West and Chester – Chief Operating Officer

Subject/Title: Shared Services Performance Outturn 2018-19

1.0 Report Summary

- 1.1 This report provides a summary of the outturn position for the Shared Service arrangements between Cheshire East Council (CE) and Cheshire West and Chester Council (CWaC), including ICT and Transactional Shared Services. As such it includes financial and non-financial performance information over the period 2018-19.
- 1.2 The report indicates a continuing good level of performance, with all of Shared Services being rated as “Green” in terms of their overall performance. Any key issues identified with financial or non financial performance are included as part of the overview for each service, attached at Appendix 1.

2.0 Decision Requested

- 2.1 Recommended that
- i) The Shared Services outturn performance for 2018-19 be noted.

3.0 Reasons for Recommendations

- 3.1 The Shared Services Administrative Agreement makes provision for the Joint Committee to receive outturn reports at the end of each financial year in order to review and monitor the performance of the Shared Services.

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

- 6.1 None.

7.0 Financial Implications

- 7.1 The table below summarises the 2018-19 outturn position for the Shared Services. Further information is reported in paragraphs 12 to 17 and attached in Appendix 1.

Service	Total Budget £	Total Outturn £	Total Variance £
Archaeology Planning Advisory Service	203,231	200,708	(2,523)
Archives	419,728	420,152	424
Libraries Shared Services	673,601	616,370	(57,231)
Emergency Planning	284,352	194,228	(90,124)
Farms	213,473	154,008	(59,465)
Cheshire Rural Touring Arts	24,960	24,960	0
ICT	0	(481,000)	(481,000)
Transactional Services	132,170	519,534	387,364
Total	1,951,515	1,648,960	(302,555)

- 7.2 Due to the steady state of a number of shared services and the level of budgets for these services, the Joint Committee has previously agreed that financial and non financial performance is now reported at outturn, or by exception at other times during the year. Those services that are undergoing significant transformation, such as ICT, Transactional Services and Archives, will report to Joint Committee on a more frequent basis.

8.0 Legal Implications

- 8.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which the sharing Authorities will work together. This Agreement was refreshed April 2016 in light of new sharing arrangements being introduced for ICT and Transactional services.
- 8.2 Individual Shared Service Agreements require that Business Plans are regularly refreshed to ensure that they continue to meet the needs of both authorities going forward and that performance is reported on a regular basis. This is managed by commissioning, client and service managers within each Council as part of the operation and management of each of the services.

9.0 Risk Management

- 9.1 Fundamentally there is a risk that the plans for each service do not deliver the required outcome for each Council with regard to meeting the operational and financial expectations of both authorities. This is managed by commissioning, client and service managers within each Council as part of the operation and management of each of the services.

10.0 Background and Options

- 10.1 All Shared Services arrangements are underpinned by formal legal agreements 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.
- 10.2 Business Plans and performance management frameworks for the new ICT and Transactional Shared Service arrangements have been developed and integrated into Shared Service performance reporting.
- 10.3 This report provides a summary of the Shared Services outturn performance for 2018-19. Appendix 1 provides a more detailed overview of performance and business activity.

11.0 Performance Outturn 2018-19

- 11.1 This report summarises the outturn position for 2018-19 for the current formal Shared Services arrangements between CE and CWaC Councils.
- 11.2 Currently there are eight Shared Services (six CWAC-hosted and two CE-hosted). Five are shared services where total costs are split against an agreed % cost share agreement as set out in formative Legal Agreements:

- Farms Estate (Management)
- Archives and Local Studies
- Civil Protection – Emergency Planning
- ICT
- Transactional Services

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

- Cheshire Rural Touring Arts (Grant funded)
- Archaeological Planning and Advisory Services (Transfer Agreement)
- Libraries (Transfer Agreement)

- 11.3 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. Current performance is set against historic performance to provide an indication of direction of travel for each shared service.

Service	Overall Performance 2017-18	Overall Performance 2018-19
Archaeology Planning Advisory Service	Green	Green
Archives	Green	Green
Libraries Shared Services	Green	Green
Emergency Planning	Green	Green
Farms	Green	Green
Cheshire Rural Touring Arts	Green	Green
ICT	Amber	Amber
Transactional Services	Green	Green

11.4 As far as possible each service has provided comparative performance against annual targets and the previous year's performance.

11.5 A detailed summary of current performance for each of the above services is contained in Appendix 1 with a brief summary of each shared service provided below.

12.0 Farms Estate (Management) Outturn Position: £59k underspend

12.1 The underspend is as a result of vacancies within the service. This is currently being used to fund consultancy costs as and when required. Performance is in line with the Estates strategies of each Council.

13.0 Emergency Planning Outturn Position: £90k underspend

13.1 The overall financial position, based on the 50:50 split of costs for East and West, is an underspend spend of £90k. The main reasons for this are as a result of a number of vacancies during the year, and a member of staff on maternity leave. There was also an increase in income generation. Cheshire East accommodation costs of £10k have been charged directly to the service and are included in this position.

13.2 The Service has performed well throughout 2018-19, responding to number of major incidents. Although operating below capacity for a significant part of the year, the team has continued to perform strongly in delivering increased preparedness and resilience levels across both Authorities, whilst also ensuring that statutory obligations and income targets have been met.

14.0 Archives and Local Studies Outturn Position: balanced

14.1 The service has achieved a balanced financial position for the year.

14.2 Performance has been generally maintained although the service saw a reduction in the number of people engaging with the service in 2018-19. However, more family history information has been made available on line and, as a result of a volunteer project, over 45,000 more records have also

been made available on line. Archives Accreditation has been retained through a 3-year review by The National Archives, with positive feedback about direction of service. The overall performance of the service has therefore been rated green.

15.0 ICT **Outturn Position: £481k underspend**

- 15.1 ICT Shared Service are reporting an underspend of £481k at year end, primarily as a result of higher than anticipated income from commissioned project work. Costs have also been closely managed throughout the year. There has also been lower than expected costs for staffing due to a number of factors, including a delay in recruitment ahead of the implementation of a new staffing structure. Although the net budget is nil due to the recovery of costs through income and contributions, the gross budget for the service is £11.4m. The variance therefore represents 4% of the gross expenditure.
- 15.2 The impact of the delayed recruitment has meant that the shared service has failed to meet its performance targets for Business As Usual (BAU) as set out in the Service Level Agreement, and whilst commissioned business change has been sufficiently delivered to realise the budgeted income target at 100k hours, this has been insufficient to meet required delivery schedules.

16.0 Transactional Services **Outturn Position: £387k overspend**

- 16.1 Transactional Services (TSC) are reporting an overspend of £387k at year end. This is as a result of one off redundancy costs and an overspend against print costs. Whilst the net budget for the service is £132k, the gross expenditure is £4.9m, and therefore the overspend represents just 7% of total expenditure, the majority of which relates to one off redundancy costs.
- 16.2 The service has performed well throughout the year with overall performance rated green. Although the indicator relating to “timely and accurate creation of income related transactions” is slightly below target (98.85% against a target of 99%), as this is within the tolerance levels, performance is still rated green.

17.0 Joint Arrangement services

- 17.1 The Libraries Shared Service is underspent by £57k as a result of vacancies in year which were held in advance of the implementation of new staffing structures. Underspends on non pay costs were also achieved through management of contracts. Income generation has improved in the current year despite net loss of 10 schools due to some buybacks at higher rates from larger schools.
- 17.2 The Rural Touring Arts Network is reporting a balanced position, and performance has been on target.
- 17.3 The Archaeology Planning Advisory Service is reporting a £3k underspend and no financial issues. At year end, all Performance Indicators were on target.

18 Conclusion

- 18.1 The overall outturn position for Shared Services for 2018-19 is an underspend of £303k. All services are reporting a balanced or underspent position, with the exception of TSC. The overspend reported is primarily as a result of a one off issue.
- 18.2 The overall approach to performance management is embedded and, as it currently stands, is sufficiently robust for the level of shared activity. Increased levels of scrutiny will be implemented where any service is undergoing major transformational change, and reported to Joint Officer Board and Joint Committee.

19 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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