

Cheshire East Council

Cheshire West and Chester Council

Shared Services Joint Committee

Date of Meeting: 26th November 2021

Report Title: Shared Service Review Update Report

Senior Officer: Jane Burns, Executive Director, Corporate Services, Cheshire East Council
Mark Wynn, Chief Operating Officer, Cheshire West and Chester Council

1 Report Summary

1.1 This report provides an update of the progress of the shared services review.

2 Recommendations

2.1 It is recommended that Members:

- i) Agree and note the progress of the review and contents of the report.
- ii) Note the next steps for ICT
- iii) Note the latest findings for Transactional Services
- iv) Note the latest findings for the six smaller shared Services
- v) Note the cross-cutting themes emerging from the review

3 Reasons for Recommendations

3.1 The Shared Service Joint Committee terms of reference sets out that Joint Committee is responsible for overseeing changes and projects, and changes to shared services.

3.2 A Review of the arrangements between the two councils is being undertaken. This report brings members of the committee up to date on developments.

4 Background

4.1 Cheshire East Council and Cheshire West and Chester Councils agreed to commission a strategic review of all of the existing eight formal shared services. It was agreed that an external perspective and expertise would be valuable, and a specification was drawn up, a procurement exercise undertaken, and C.Co, the consultancy arm of CIPFA, were appointed to conduct the reviews. This work has largely been completed and is in the process of being reviewed.

5. Approach to the Shared Services Review

5.1. The purpose of the service review exercise is to:

- provide assurance on the operation of the shared service in terms of both meeting the objectives of each council and delivering value for money.
- to identify opportunities for efficiencies and financial savings; and,
- to identify how could the services work better and/or what will make them work better?

5.2. The review of all of the shared services was planned to be undertaken between March and October 2021 and in three phases:

Phase 1: ICT Shared Services – in depth review

Phase 2: Transactional Services – in depth review

Phase 3: Wider Shared Services (remaining six shared services)

5.3 In practice, the review started in late March and is nearing completion. Also, in addition to the three phases, there will also be an overarching themes report produced which identifies common themes including:

- Governance and Reporting
- Culture and Identity
- Customer Focus

6. Progress of Phase 1: ICT Shared Services (in depth review) - Complete

6.1 As agreed by members at the last SSJC, a specification has been developed, setting out the further detail and assurance required to fully understand the impacts, the delivery plan, the costs and the benefits of moving to the recommended ICT model so that both Councils can make a decision.

6.2 A response to the specification is expected shortly from the external partner. This response will be considered, and conclusions will be reported back to members at the earliest opportunity.

6.3 The costs of the detailed understanding of the recommended model will be £98,000.

7. Progress of Phase 2: Transactional Services (in depth review)

7.1 The final draft of the Transactional Services review report has now been submitted and is being taken through Officer governance for final comments before sharing with Members.

7.2 The report outlines that:

a) There is strategic alignment between the two councils and, given where the Councils are with the implementation of Unit 4 ERP, the current extent of shared service model cannot feasibly be changed. Therefore, at this stage of the review the best option for Transactional Services is to optimise the current service first and to aspire to achieving best value and a leading service following the full implementation of Unit 4 ERP.

b) Generally, the benchmarking information shows that Transactional Services are competitive on both costs and service delivery volumes across payments and income and payroll and recruitment.

c) The service improvement areas highlighted are:

- Developing robust officer governance.
- Further reviewing operational differences which cause different processes to be used and consider standardisation, e.g. banking.
- Creating a shared identity.
- Developing a stronger proactive customer service approach
- Developing a new financial strategy and payment mechanism to underpin the new service model in line with Unit 4 implementation, based on a full cost recovery model and taking into account reducing schools income.
- Standardise processes and find opportunities to further reduce costs by reducing avoidable demand. For example, currently 40% of invoices do not have a Purchase (PO) number and need further intervention as a NO PO, NO Pay policy is in operation.

7.3 A further detailed report will be shared with Shared Services Joint Committee following internal review.

8. Progress update - Phase 3: Wider Shared Services (Remaining Six Shared Services)

8.1 A draft report on the findings and recommendations for the six smaller shared services is nearing completion.

8.2 Early insights suggest that:

- a) there is a mixed approach to how these six smaller services operate, with some operating as shared services, whilst others are more in line with the definition of a managed service or a strategic partnership.
- b) Funding, for some services, needs to be reviewed to ensure alignment with the shared services principles.
- c) Some services need to review their pricing model to ensure full cost recovery.
- d) The approach to the governance of the services should be reviewed to ensure it is not onerous on the very small services.

8.3 A further detailed report will be shared with Shared Services Joint Committee following internal review.

9. Cross Cutting Themes

9.1 A number of cross cutting themes have started to emerge as each of the three phases has neared completion including:

- Governance and Reporting. For example, legal documentation, day-to-day service management, performance management, client roles and reporting lines and reporting formats.
- Culture and Identity. For example, developing, for each service, a shared service brand and addressing succession planning, recruitment, and retention.
- Customer Focus. For example, developing proactive communications and customer feedback mechanisms to measure satisfaction.

9.2 A further detailed report will be shared with Shared Services Joint Committee following finalisation and internal review.

10. Next Steps

7.1 The next steps of the review are to:

- Finalise the Transactional Services Report

- Finalise the phase 3 report
- Complete the cross-cutting themes report
- Review the response to the specification for the ICT assurance work.

It is expected that this work will be completed in the next few weeks.

11. Implications of the Recommendations

11.1 Legal Implications

The Shared Services Administrative Agreement sets out the overall arrangements in relation to the way the sharing Authorities will work together. This will be revised when revised arrangements are agreed.

11.2 Finance Implications

For the purposes of this report, the Financial Implications will be the cost of undertaking the reviews together with the costs of implementing any revised delivery models. Implementation costs, together with any savings identified will be used to evaluate the viability of the preferred models and shared in due course as part of the individual service reviews.

The costs associated to further detail on the recommended model for ICT Services is £98,000.

11.3 Policy Implications

Policy implications will be dependent on the findings and recommendations of the review and will be identified for each service.

11.4 Equality Implications

There are no direct Equality implications at this stage.

11.5 Human Resources Implications

Implications for Human Resources are dependent on the recommendations arising as a result of the review and any revised agreed operating model. Communications and engagement with staff affected and the recognised Trade Unions will continue.

11.6 Risk Management Implications

The risks associated with the findings will be made clear once a final report is produced and be made clear to members at the appropriate time.

Risks are included in each organisation's risk register as appropriate.

11.7 Rural Communities Implications

There are no direct implications for Rural Communities.

11.8 Implications for Children & Young People/Cared for Children

There are no direct implications for Children and Young People/Cared for Children.

11.9 Public Health Implications

There are no direct implications for Public Health.

11.10 Climate Change Implications

There are no direct Climate Change implications

11.11 Ward Members Affected

This report relates to Shared Services that operate across both CE and CWC, therefore all wards are affected in both Councils.

12. Access to Information

Documents are available for inspection at:

Cheshire East Democratic Services
Westfields, Middlewich Road
Sandbach
CW11 1HZ
or:

Cheshire West & Chester Democratic Services
HQ Building, Nicholas Street,
Chester,
CH1 2NP

13. Contact Information

13.1 Any questions relating to this report should be directed to the following officers:

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