

Cheshire East Council

Cheshire West and Chester Council

Shared Services Joint Committee

Date of Meeting: 21 January 2022

Report Title: Shared Services Business Plans 2021- 22 – Quarter 3 Review

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1. Report Summary

- 1.1 This report provides a summary of the 2021-22 Quarter 3 position for the Shared Service arrangements between Cheshire East Council (CEC) and Cheshire West and Chester Council (CWC).
- 1.2 The report includes financial and non-financial performance information for the period 01/04/21 to 31/12/21.
- 1.3 The report provides summaries of each of the key areas including the budget position, priorities and objectives, key performance indicators, and risks and issues, across all of the shared services, together with, for each service, a service dashboard with a summary narrative. Full business plans can be found in Appendix 2.
- 1.4 Overall, the position at the quarter 3 review point is that most services are meeting expectations. However, although most services are forecasting a balanced budget, both ICT and Transactional Services continue to report financial pressures associated with the B4B programme and the achievement of income targets. Work continues to be undertaken on mitigating the shortfalls, but it is unlikely that a balanced year end position can be achieved. The Emergency Planning service is forecasting a very small overspend.

2. Recommendations

- 2.1 It is recommended that Members:
 - i) Note the Shared Services Quarter 3 performance for 2021-22.
 - ii) Note the ongoing financial pressures on IT and TSC Shared Services budgets.

3. Reasons for Recommendations

- 3.1 The Shared Services Administrative Agreement makes provision for the Joint Committee to receive reports to enable the review and monitoring of the performance of the Shared Services to take place. This report provides the 2021-22 quarter 3 position.
- 3.2 This report helps to deliver the revised performance management arrangements, agreed at the Shared Service Joint Committee (SSJC) on 25 September 2020. The revised arrangements assist with ensuring that service strategies, together with, the resources and budgets required to deliver the service strategies, are in place and being effectively implemented.

4. Background

- 4.1 Currently there are eight Shared Services (six CWC hosted and two CEC hosted). They are:
- Archaeological Planning and Advisory Services (APAS) - CWC
 - Archives and Local Studies - CWC
 - Cheshire Rural Touring Arts – (CRTA) - CWC
 - Emergency Planning - CWC
 - Farms Estate (Management) - CEC
 - ICT - CEC
 - Libraries Shared Service - CWC
 - Transactional Services - CWC
- 4.2 Day-to-day performance is managed by each shared service manager who reports, through their normal line management arrangements, to a service manager in the host authority and has a relationship with a client manager, in the other authority.
- 4.3 Shared service business plans provide details of the shared service operation, objectives and resources required. The business plans require a degree of flexibility to enable an appropriate response to the changing needs of each council, especially during the ongoing pandemic.
- 4.4 An overall summary of performance and business activity all of the shared services is in appendix 1.

5. Overall Summary

5.1 Overall Summary Ratings

The table below provides a judgement on the overall performance for each of the shared services. The judgement takes into account both performance (objectives and KPIs) and the budget position. The judgement criteria are set out below:

- RED – overspend of more than 10% of the budget and/or most objectives and/or KPIs not being met or on target
- AMBER – overspend of less than 10% of the budget and more than two objectives and /or KPIs not on target
- GREEN – on budget or underspent and all objectives and KPIs are on target

Service	Overall Performance 2019-20	Overall Performance 2020-21	Q1 Performance 2021-22	Q2 Performance 2021-22	Q3 Performance 2021-22
Archaeology Planning Advisory Service	Green	Amber	Green	Green	Green
Archives and Local Studies	Green	Amber	Green	Green	Green
Cheshire Rural Touring Arts	Green	Green	Green	Green	Green
Emergency Planning	Amber	Amber	Amber	Green	Green
Farms Estate Management	Green	Amber	Green	Green	Green
ICT	Amber	Amber	Amber	Amber	Amber
Libraries Shared Service	Green	Amber	Green	Green	Green
Transactional Services	Amber	Red	Amber	Green	Amber

Overall Summary Ratings Commentary

Budget

- Most services are reporting a balanced budget or underspent financial position.
- Emergency Planning is forecasting a small overspend of £1,697.
- The ICT budget has forecast overspend of £1.61m, a proportion of which relating to staff pay award and Unit 4 ERP, has been provided for by the two councils.
- Transactional Services are currently forecasting an overspend of £584,501 which is 10.87% of the total budget and is mainly due to the impact of the revised, later, Go live date for phase 2 of the Unit4 ERP system. The overspend has been provided for by the two councils.

Objectives

- Most services are on track with objectives being achieved.
- Emergency Planning have one objective impacted by Covid-19.
- Transactional Services have three objectives rated as amber this quarter.
- More information is set out in the individual summaries within the report and in the individual business plans in Appendix 2.

Key Performance Indicators

- Most services KPIs are on track with four KPIs, one each in APAS, Emergency Planning, Archives and Local Studies, and Libraries Shared Service, that are impacted by Covid 19. They are set out in the individual service summaries within this report and in the individual business plans in Appendix 2.

5.2 Budget Summary

The table below summarises the end of year forecast financial position for the all of the shared services.

Service	Planned Budget £	Q1 Forecast £	Q2 Forecast £	Q3 Forecast	Forecast Variance £
Archaeology Planning Advisory Service	158,817	158,817	158,817	158,817	0
Archives and Local Studies	461,602	461,602	461,602	461,602	0
Cheshire Rural Touring Arts	84,000	84,000	84,000	84,000	0
Emergency Planning	303,716	302,522	307,198	306,668	1,697
Farms Estate Management	225,938	162,720	157,063	157,332	(69,342)
ICT	17,350,000	17,840,000	18,960,000	18,960,000	1,610,000
Libraries Shared Service	330,836	330,836	330,836	330,836	0
Transactional Services	5,294,018	5,522,270	5,882,235	5,924,481	£584,501

Budget Summary Commentary

- Most services are reporting a forecast balanced or an underspent position at year end.
- The Farms Estate Management underspend is due to an ongoing staffing vacancy
- Emergency Planning are forecasting a small overspend of £1,697 which is 1% of the total budget.

- ICT are currently forecasting an overspend of £1.61m. Budget provision to cover £299k for B4B related costs falling within this overspend has been identified separately by the two councils. A further £167k of the overspend relates to shortfall in growth for the pay award (not yet finalised). Detailed work has been completed on the budget. The funding model is predicated on 100,000 hours of income relating to projects .
- At the start of the financial year, it was anticipated that the figure would be in the region of 75,000 hours. There is however increasing pressures at this point in the year. Recoverable commissioned hours could be in the region of 62,000 (excluding B4B hours); this reduction impacts on the forecast overspend. Additional pressure has come from the B4B project with actual hours to date being in the region of 8,300 as opposed to the previously forecast 6,000. In addition, significant hours have been spent responding to the Log4J cyber threat which has diverted resources from chargeable projects. A governance group continues to oversee mitigating actions including vacancy management, a review and reduction of third party contracts and permanent recruitment to replace certain contractor roles. There has been some success in this regard, however, the shortfall in income generating work is unlikely to be recovered this year. Mitigation work is linked to the ongoing shared services review.
- Transactional Services are currently forecasting an overspend of 10.87% which is slight increased from last quarter which was 10.13% of budget. This is due to the impact of the revised, later, GO Live date for phase 2 of the Unit 4 ERP system as it has been agreed that the costs of staff and consultants working on the project are to be charged to the Transactional Services budget. Budget provision for this has been made by two councils. Additionally there is some loss of income predicted from November due to a loss of schools business which is being mitigated by vacancy management within the service.

5.3 Priorities and Objectives Summary

The table below sets out a summary of all of the services' priorities and objectives as at quarter 3. Full details are in each Services Business Plans in appendix 2.

The assessment criteria is:

- Green: On Track
 Amber: Behind but expected to be achieved
 Red: Not expected to be achieved
 Blue: On hold due to Covid-19

Service	Total number of Objectives	Number of Green Objectives	Number of Amber Objectives	Number of Red Objectives	On hold due to Pandemic
Archaeology Planning Advisory Service	5	5	0	0	0
Archives and Local Studies	6	6	0	0	0
Cheshire Rural Touring Arts	3	3	0	0	0
Emergency Planning	8	7	0	0	1

Farms Estate Management	2	2	0	0	0
ICT	23	17	5	1	0
Libraries Shared Service	9	9	0	0	0
Transactional Services	7	4	3	0	0

Priorities and Objectives Commentary

- Most priorities and objectives across all services are on track.
- The Emergency Planning objective which is behind but expected to be achieved by the end of the year, is off track due to the impacts of Covid-19. The objective is the continued implementation of the off-site planning and exercise regime to ensure that both authorities meet their statutory emergency planning obligations under the COMAH, REPPiR, PSR, and Flood & Water Management legislation.
- The three Transactional Services objectives which are behind but expected to be achieved by the end of the year are connected to the implementation on the Unit 4 ERP system. They include:
 1. To review KPI targets, contractual arrangements and SLAs in line with functionality of UNIT4 ERP
 2. To meet service policy options implementing a new structure for the shared service following the implementation of Unit4 ERP
 3. To analyse the reduction in demand on services following the implementation of UNIT4 ERP
- There are five ICT objectives which are rated as amber – off track but expected to be achieved by the end of the year. These include:
 1. Service Improvement Plan (SIP) to drive continuous improvement in operations – there is some slippage on dates agreed with Clients due to resource availability.
 2. Review of Technical Debt Register to inform business planning and to assist with simplification and cost optimisation work. Further work to be undertaken with both Councils to identify what can be decommissioned. Governance improvements under review to ensure that when new systems are implemented the legacy applications are appropriately decommissioned.

3. Support the Councils (Joint Business Design Authority) to enable exploitation of existing ICT investment or design of new services. Core infrastructure components for the Councils continue to be shared.
 4. Agree a new ICT Service Product Catalogue. Value Propositions are being developed.
 5. Recruitment of/New staffing structure for ICT Services. This objective was agreed before the Shared Services Review had been completed. Targeted recruitment areas include Hosting, Server and Networks.
- One ICT objective is now assessed as red – the development of a sustainable financial strategy. Good progress made around the service information, utilisation, cost transparency, demand, contracts and resourcing. Work on the transition to a new model will continue subject to the recommendations from the Shared Service Review.

5.3 Key Performance Indicators Summary

The table below sets out an overview of the key performance indicators (KPIs) as at quarter 3 for each of the shared services. The assessment criteria is:

Green: On Track
 Amber: Behind but expected to be achieved
 Red: Not expected to be achieved
 Blue: On hold due to Covid-19

Service	Total number of KPIs	Number of Green KPIS	Number of Amber KPIs	Number of Red KPIs	On hold due to Pandemic
Archaeology Planning Advisory Service	5	4	0	0	1
Archives and Local Studies	6	4	1	0	1
Cheshire Rural Touring Arts	3	3	0	0	0
Emergency Planning	5	4	0	0	1
Farms Estate Management	10	10	0	0	0
ICT	3	3	0	0	0
Libraries Shared Service	11	10	0	0	1
Transactional Services	3	3	0	0	0

Performance Indicators Commentary

- All of the key performance indicators are set out in full in each of the services individual business plans in appendix 2.
- The majority of the KPIs are on track.
- The Transactional Services KPI information is not available but performance is expected to be on track.
- One Archives and Local Studies KPI, previously rated as green is now rated as amber. This relates to the percentage of new collections of archives made accessible to service users within 1 month of receipt. This is because there is an unusually high number of accessions to process this year due to the low number in the previous year. A plan is in place to process this backlog by the end of March 2022.
- There are four KPIs now deferred due to the pandemic, including:
 - The deferred APAS KPI is in respect of the “% number of records reviewed in the Cheshire Historic Environment Record per annum”. This is because the historic Environment Record System cannot be accessed from home and staff are working from home as part of the Covid-19 arrangements. This KPI will resume, in line with new working arrangements, as part of the pandemic recovery plan.
 - The deferred Emergency Planning KPI relates to the number of statutory plans and exercises delivered within agreed timescales. Some of these are currently delayed, but the KPI is expected to be achieved by the end of the year.
 - The deferred Libraries shared service KPI relates to the increase under 5s membership.
 - The deferred Archives and Local Studies KPI related to the Quality of Service KPI as the National survey of visitors to archives now unlikely to be held in 21/22.

5.5 Overview of Risks and issues

Risks are reported by exception. This means that:

- Only risks rated as high risks and scoring 9 or over will be reported
- Risks which increase to 9 will be reported
- New risks of 9 or over added to the risk log will be reported
- Where risks scoring 9 or over have reduced since the last reporting period, they will be reported on to show the risk reduction.

The table below sets out the number of risks and issues for the services at the Quarter 3 review point.

Service	Number of Risk rated 9>	Number of Issues
Archaeology Planning Advisory Service	0	0
Archives and Local Studies	0	0
Cheshire Rural Touring Arts	0	0
Emergency Planning	3	3
Farms Estate Management	1	0
ICT	1	1
Libraries Shared Service	0	0
Transactional Services	3	0
Total	8	4

Risks and Issues Commentary

- All shared service managers manage identified risks, including listing risks and issues on corporate risk registers as appropriate. Only risks rated as high - scoring 9 or 12 - are reported. In total, this quarter, there are 8 risks rated as 9 or over and 4 issues as follows:
 - The Emergency Planning risks and issues remain the same as in previous quarters and have arisen due to the impacts of the ongoing Covid-19 pandemic, they include:
 - Failure to deliver agreed objectives as a result of team responding to a major incidents.
 - Failure to deliver agreed objectives as a result of team responding to significant number of Major Incidents/ Major Incident Standbys .
 - Statutory requirements of COMAH, REPPIR and PSR legislation. Failure to meet those duties in line with the statutory deadlines.
 - The Farms Estate Management has one risk rated as 9 - the impact of reducing income as a result of disposals. This is a primarily a CWC risk.
 - Transactional Services have identified three new risks s listed below.

- Continued loss of income from schools/academies impacts income for the shared service. Many academies and schools have mooted they may consider sourcing different pay providers.
 - Failure to be able to deliver policy option savings due to UNIT4 ERP not delivering the expected benefit realisation. Initial support following go-live has been very high – this has necessitated additional resources being required. By needing additional temporary resources to support the system it is not possible to achieve the expected benefit realisation savings. If there is a continued need to provide support, then it will take longer than planned to realise the benefits.
 - Teething problems following the implementation of Business World would impact the shared service being able to deliver business. Although current system issues do not stop the councils being able to deliver business – there are a few defects (known at the go-live decision point) that are priority fixes.
- The ICT risk is - Any lack of clarity in funding, sourcing, skills, inventory, service levels, governance, and operating procedures may result in failure to provide adequate end user support within reasonable time frames with potential loss of credibility. Failure to keep infrastructure, systems, and solutions in a compliant state. Ageing infrastructure which is either end of life and non-compliant or has a significantly greater risk of failure. A further risk workshop was held in November. Follow up meetings are scheduled for January due to work on the Log4J cyber response.
 - The ICT issue related to the budget overspend is explained in the Budget Commentary above and the individual business plan in appendix 2.
- Further details of all risks and issues are in the individual Business Plans in appendix 2.

6. Individual Shared Service Summaries

The individual shared service summaries for quarter two are set out below in a dashboard format, together with supporting commentary. Each dashboard sets out:

- the overall rating, based on the judgement criteria set out in section 5.1.
- the budget position.
- the number of objectives and their RAG rating (blue are deferred due to Covid -19).
- the number of KPIs and their RAG rating (blue are deferred due to Covid -19).
- the number of risks scoring 9 or over.
- the number of live issues.

A collated summary dashboard for all shared services is in appendix 1.

Full details are in the individual service business plans in appendix 2.

The individual service dashboards are set out below.

Archaeology Planning Advisory Service (APAS)

Dashboard

Overall rating	Green			
Budget	Balanced			
Priorities and Objectives	5	0	0	
Key Performance Indicators	4	0	0	1
Number of risks 9>	0			
Number of issues	0			

Commentary

- The APAS service is rated as green as the budget, objectives and KPIs, with the exception of one, which is now deferred due to the Covid-19 pandemic, are all on track. There are no risks or issues to report.
- The APAS KPI which is rated as blue, deferred due to the pandemic, is “the % number of records reviewed in the Cheshire Historic Environment Record per annum”. This is because the Historic Environment Record System cannot be accessed from home. This KPI will resume in line with new working arrangements as part of the pandemic recovery plan.
- Achievements of note at the quarter 3 review point include:
 - The ‘grey literature’ library (reports generated by fieldwork) has now been digitised as part of the Cheshire Historic Record and the hard copy reports dispatched to Deep Store in Winsford for storage. In the first three quarters of the current year, other discrete elements have also been tackled (Longley archive, North West Wetlands archive, North Cheshire Stone Heads archive, etc).
 - HS2 - Fieldwork on some of the early stage services diversion work began in December and has involved the investigation of a number of sites.
 - Work in Middlewich on new water supply infrastructure was completed in September and uncovered further important evidence relating to the Roman period and the salt production industry.

- A report on excavations in Chester was published in December in the Archaeopress series and the report on the Seven Lows barrow excavation will appear in early January in the journal of the Chester Archaeological Society.

Archives and Local Studies

Dashboard

Overall rating	Green			
Budget	Balanced			
Priorities and Objectives	6	0	0	
Key Performance Indicators	4	1	0	1
Number of risks 9>	0			
Number of issues	0			

Commentary

- The Archives and Local Studies service is rated as green as the budget, objectives and KPIs are all on track, with the exception of one deferred KPI (National survey of visitors to archives now unlikely to be held in 21/22) and one amber KPI (Percentage of new collections of archives made accessible to service users within 1 month of receipt due to a higher number than usual being received). There are no risks or issues to report.
- Achievements of note at the quarter 3 review point include:
 - The re-application to the Archives Accreditation Scheme on 30 Nov 2021 to fulfill the statutory duty to make proper provision for the care of Archives. The outcome of the re-application will be known by the end of March 2022.
 - The onsite volunteer programme restarted in July 2021.
 - The Archives Project passed the mid-point review in December 2021.
 - Extensive community engagement was undertaken during the Spring-Autumn period in 2021. Feedback from NLHF has been very positive about the extent and nature of this consultation.

Cheshire Rural Touring Arts

Dashboard

Overall rating	Green			
Budget	Balanced			
Priorities and Objectives	3	0	0	
Key Performance Indicators	3	0	0	0

Number of risks 9>	0
Number of issues	0

Commentary

- The CRTA service is rated as green as the budget, objectives and KPIs are all on track. There are no risks or issues to report.
- Achievements of note at the quarter 3 review point include:
 - Live events have been programmed and took place from August-Dec 21. A programme of live events is being developed for spring 2022. However, there are less venues able to take work due to volunteer availability, venue closure and concern over Covid 19 restrictions.

Work is taking place with all venues to help support them to plan ahead for hosting events in 2022, including alternative online provision.
 - In September 2021, an extension year bid was submitted to the Art Council for funding for 22/23. The result should be known early in 2022.

Emergency Planning

Dashboard

Overall rating	Green			
Budget	1,697			
Priorities and Objectives	7	0	1	
Key Performance Indicators	4	0	0	1
Number of risks 9>	3			
Number of issues	3			

Commentary

- The Emergency Planning service is rated as green as the priorities, objectives and KPIs are green, except for those deferred due to the pandemic. The budget is forecast to be have a small overspend of £1,697.

- The deferred objective and KPI, and the risks and issues all relate to the implementation of the off-site planning and exercise regime to ensure that both authorities meet their statutory emergency planning obligations under the COMAH, REPIR, PSR, and Flood & Water Management legislation. This is a result of the impacts of Covid 19. However, the KPI regarding the percentage of statutory plans and exercises delivered within agreed timescales, currently stands at 98% against a target of 100%, which is an improvement on last years actual achievement of 76% and last quarters performance of 92%.
- Achievements of note at the quarter 3 review point include:
 - Between 01/04/2021 and 13/12/2021 the Service has responded to 18 incidents (CWAC: 11; CE: 7) including 2 Major Incidents and 7 Major Incident Standbys including the Major Incident for the C-19 pandemic impacting both Council areas, as well as a bird flu outbreak, power outages casued by Storm Arwen, local responses to the Counter Terrorism incident in Liverpool, and implementation of enhanced Counter Terrorism security arrangements in Chester.
 - Poynton Pool On Site Plan has been issued for consultation with partners.
 - Community Resilience work continues post flooding (Jan 2021) and Storm Arwen (Dec 2021) with several TPCs interested in developing Community Emergency Plans.
 - Training continues to take place virtually for those managers who need refreshers, or are new to rota, with excellent feedback

Farms Estate Management

Dashboard

Overall rating	Green			
Budget	(69,342)			
Priorities and Objectives	2	0	0	
Key Performance Indicators	10	0	0	0
Number of risks 9>	1			
Number of issues	0			

Commentary

- Overall, the Farms Estate Management Service is assessed as on track and rated green.
- There is currently an underspend of £69,342 due to a staffing vacancy.

- One risk is rated as 9 and relates to the potential impact of reducing income from of disposals. This risk is applicable to CWC council only.
- Achievements of note at the quarter 3 review point include, in respect of disposals:
 - For CWC, in excess of £7 million in disposals including completed, approved and potential disposals identified.
 - For CEC, the Peatland restoration project implemented and Carbon Land Use Assessment collaboration ongoing with potential woodland creation land identified.

ICT

Dashboard

Overall rating	Amber			
Budget	1,610,000			
Priorities and Objectives	17	5	1	
Key Performance Indicators	3	0	0	0
Number of risks 9>	1			
Number of issues	1			

Commentary

- ICT are currently forecasting an overspend of £1.61m. Budget provision to cover £299k for B4B related costs falling within this overspend has been identified separately by the two councils.
A further £167k of the overspend relates to shortfall in growth for the pay award (not yet finalised). Detailed work has been done on the budget.

The funding model is predicated on 100,000 hours of income relating to projects. At the start of the financial year, it was anticipated that the figure would be in the region of 75,000 hours.

There are however increasing pressures at this point in the year. Recoverable commissioned hours could be in the region of 62,000 (excluding B4B hours). Additional pressure has come from the B4B project with actual hours to date being in the region of 8,300 as opposed to the previously forecast 6,000. In addition, there has been significant hours spent on responding to the Log4J cyber threat which has diverted resources from chargeable projects.

A governance group has been overseeing mitigating actions including vacancy management, a review and reduction of third party contracts and permanent recruitment to replace certain contractor roles. There has been some success in

this regard, however, the shortfall in income generating work is unlikely to be recovered this year. Mitigation work is linked to the ongoing shared services review.

- The ICT risk is - Any lack of clarity in funding, sourcing, skills, inventory, service levels, governance, and operating procedures may result in failure to provide adequate end user support within reasonable time frames with potential loss of credibility. Failure to keep infrastructure, systems, and solutions in a compliant state. Ageing infrastructure which is either End Of Life (EOL) and non-compliant or has a significantly greater risk of failure. A number of actions to address the risks are set out in the individual ICT service business plan in appendix 2. In quarter 3, a risk workshop has been held. Further workshops are to be held in January 2022.
- Achievements of note at the quarter 3 review point include:
 - Due Dilligence work, the next phase of the Shared Service Review, has commenced and the service are fully involved in the work.
 - Application Lifestyle Management has been embedded within directorate procurement roadmaps to reflect a consolidated commissioning model for business systems.
 - Progress is being made, as planned, to deliver essential replacement activity to ensure ICT services are performant and compliant, with a key focus on core network and data centre services.
 - In quarter 3 there has been 99.9% availability of critical sytems and services.

Libraries Shared Services

Dashboard

Overall rating	Green			
Budget	Balanced			
Priorities and Objectives	9	0	0	
Key Performance Indicators	10	0	0	1
Number of risks 9>	0			
Number of issues	0			

Commentary

- The Libraries Shared Service is rated as green overall – on track. There are no risks or issues to report.

- The KPI of increasing under 5s membership has been severely affected by the restrictions and the impact of Covid-19. A full update on numbers will only be available at the end of the financial year.

- Achievements of note at the quarter 3 review point include:
 - The Library Management System upgrade has been completed across all libraries. Issues following roll-out identified and resolved. Work now being started on new developments such as stock rotation and development of OPAC.

 - The Stocks contract has been released on Chest with view to completing the exercise in January 2022.

 - Two more subscriptions and more enquiries have been received for the ELS. This is up on the same period last year.

 - Three onsite schools training sessions for secondary schools were well attended.

 - The Bookstart Co-ordinator back in work and the Bookstart objective is now back on track.

Transactional Services

Dashboard

Overall rating	Amber			
Budget	£584,501			
Priorities and Objectives	4	3	0	
Key Performance Indicators	3	0	0	0
Number of risks 9>	3			
Number of issues	0			

Commentary

- Transactional Services is rated as amber as there are three objectives that are each rated as amber including:
 - To review KPI targets, contractual arrangements and SLAs in line with functionality of UNIT4 ERP. This is now planned for quarter 4.
 - To analyse the reduction in demand on services following the implementation of UNIT4 ERP. This will be aligned with the outcomes of the Shared Service Review
 - To meet service policy options implementing a new structure for the shared service following the implementation of Unit4 ERP.
- Transactional Services are forecasting an overspend as a result of the revised date for phase 2 of the Unit 4 ERP go live. A previous agreement that provided for the consultant costs and Transactional Services staff working on the project to be lodged against the Transactional Service budget. No budget was initially allocated to the service to account for these costs however both councils have made separate budget provision for this. Further overspends are due to a forecast loss of income from schools. Mitigation is through vacancy management and is linked to the ongoing shared services review.
- Performance indicator information is not yet available for quarter 3, however, it is expected that the KPIs will be on track.
- There are three newly identified high risks including:
 1. Continued loss of income from schools/academies impacts income for the shared service. Many academies and schools have mooted they may consider sourcing different pay providers.
 2. Failure to be able to deliver policy option savings due to UNIT4 ERP not delivering the expected benefit realisation. Initial support following go-live has been very high – this has necessitated additional resources being required.

3. Teething problems following the implementation of Business World would impact the shared service being able to deliver business. Although current system issues do not stop the councils being able to deliver business – there are a few defects (known at the go-live decision point) that are priority fixes

- Achievements of note, in quarter 3, include:
 - The Unit4 system is now live for all clients.
 - Cashless/Paperless strategy- a review of requirements is underway.

7. Implications of the Recommendations

7.1 Legal Implications

7.7.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which the sharing Authorities will work together.

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.

Operationally, this is managed on a day-to-day basis by the service managers and their line managers within each Council as part of the operation and management of each of the services. Additionally, each service has client managers in place who are also consulted in the development and monitoring of business plans.

7.7.2 Finance Implications

7.1.1 The Financial Implications are set out in main body of the report.

7.2 Policy Implications

7.2.1 There are no direct Policy implications

7.3 Equality Implications

7.3.1 There are no direct Equality implications

7.4 Human Resources Implications

7.4.1 There are no direct Human Resources implications

7.5 Risk Management Implications

7.5.1 Risks are managed by the commissioning client, and service managers within each Council, as part of the operation and management of each of the services. Risks are included in each organisations risk register as appropriate.

7.6 Rural Communities Implications

7.6.1 There are no direct implications for Rural Communities.

7.7 Implications for Children & Young People/Cared for Children

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

7.8 Public Health Implications

7.8.1 There are no direct implications for Public Health.

7.9 Climate Change Implications

7.9.1 There are no direct Climate Change implications.

7.10 Ward Members Affected

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

8. 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

9. Contact Information

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

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