

Corporate Policy Committee

Date of Meeting: 10 February 2022

Report Title: Update on Shared Services Joint Committee

Report of: Jane Burns, Executive Director Corporate Services

Report Reference No: CP/27/21-22

Ward(s) Affected: All

Corporate Plan Priorities			
	Open	An open and enabling organisation	X
	Fair	A council which empowers and cares about people	
	Green	A thriving and sustainable place	

1. Purpose of Report

- 1.1** To inform the Corporate Policy Committee of the recent work of the Shared Services Joint Committee and allow the opportunity for Member oversight and scrutiny.

2. Executive Summary

- 2.1** Currently there are eight Shared Services between Cheshire East and Cheshire West and Chester Councils which date back to local government reorganisation in 2009. The Shared Services Joint Committee's role is to oversee the management of those services which are provided on a Cheshire-wide basis on behalf of both councils to ensure effective delivery of such services and to provide strategic direction. The Joint Committee consists of 6 Members: 3 from each Council. It is chaired and administered on alternate years by each Council; it is currently being chaired and administered by Cheshire East Council.

- 2.2** The Joint Committee is playing a key role overseeing the implementation of the Best for Business Programme and the Shared Services Review.
- 2.3** This report summarises key updates from the most recent meeting, held on 21 January 2022.

3. Recommendation

- 3.1** To note the progress in the delivery of shared services, the shared services review, and the Best for Business Programme.

4. Reason for Recommendation

- 4.1** This is the first report to the Corporate Policy Committee to assist in its role overseeing the shared services arrangements with Cheshire West and Chester Council.

5. Other Options Considered

- 5.1** Not applicable

6. Background

- 6.1** The Shared Services Joint Committee's role is to oversee the management of those services which are provided on a Cheshire-wide basis on behalf of Cheshire West and Chester Council and Cheshire East Council to ensure effective delivery of such services and to provide strategic direction. The Joint Committee consists of 6 Members: 3 from each Council. It is chaired and administered on alternate years by each Council; it is currently being chaired and administered by Cheshire East Council.
- 6.2** At the meeting on 8 June 2021 the Corporate Policy Committee appointed three Members: Cllr Rhodes, Cllr Stott and Cllr Findlow. Cllr Rhodes is the current Chair.
- 6.3** 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

7. Performance reporting

- 7.1** 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.
- 7.2** 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.
- 7.3** The most recent performance report (Quarter 3 review) was considered at the meeting on 21 January 2022.

8. Overall Summary Ratings Commentary

8.1 Budget

- Most services are reporting a balanced budget or underspent financial position.
- Emergency Planning forecasting a small overspend of £1,697.
- The ICT budget has a forecast overspend of £1.61m, relating mainly to the under-recovery of income from capital projects. A proportion of the overspend relates to the staff pay award and Unit 4 ERP has provision already factored into budgets. Mitigation measures continue to be taken. However, it is unlikely to improve the overall position. The year-end position would be shared 50:50 between the councils.
- Transactional Services are currently forecasting an overspend of £584,501 which is 10.87% of the total budget mainly due to the impact of the revised, later, GO Live date for phase 2 of the Unit 4 ERP system and loss of income. Budget provision for the overspend has been made by two councils.

8.2 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.

8.3 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.
(The detailed report is accessible via the link to background documents).

9. Best for Business

- 9.1** In May 2016, the SSJC approved a programme of work to procure a new system to replace the existing Finance and HR system. Both Councils' Cabinets approved a recommendation in July 2017 to award a contract to Agilisys for the implementation of the Unit4 ERP system. In November 2019 (Cheshire West & Chester) and December 2019 (Cheshire East), each Council's Cabinet approved recommendations relating to the re-setting of the Best4Business programme. The Joint Committee has been provided with regular updates on the programme.
- 9.2** A Joint Scrutiny Working Group was established in 2019. It consists of 6 members: 3 from each council. Cheshire East Members are Cllr Mannion, Cllr Warren, and Cllr David Brown.
- 9.3** We are pleased to report that full implementation of all functionality was achieved before Christmas. This means that all finance, payments, HR, and payroll for both councils are now delivered via Unit4 ERP, replacing the old and outdated Oracle system.
- 9.4** In December, over 57,000 individuals across our councils, schools, academies, council companies, external organisations and pensioners were paid from Unit4 ERP.
- 9.5** To recognise that the system is still in the early stages of running complete payrolls through Unit4 ERP, additional support measures are continuing. During December and January hardship faster payments were made for a total of 32 people across both councils.
- 9.6** Resolving any outstanding system issues from 2021 and addressing any new issues as they arise, continues to be a priority for the team. Many users are now gaining in confidence by using the system on a regular basis, however, we also acknowledge that for some users more support is still required.
- 9.7** The Hypercare team, made up of the Governance and Support team, B4B programme team members, the ICT technical support team and change champions continue to offer daily support to all users. The team have answered almost 3,000 calls over the months of November and December and handled over 1,600 support/issue requests of which 82%

have now been resolved. An additional 5% are back with the user requesting further information, in order to resolve the issue.

- 9.8** This package of support will remain in place until the Programme Board agree that it is no longer required.
- 9.9** As well as addressing the technical aspects of the system, we will also be revisiting current processes that were put in place at the outset to look at how we might be able to make adjustments and improvements, or even simplify them.
- 9.10** The final phase is to carry out a post-implementation review along with our implementation partner Ameo. In addition, a formal lessons learned review will be undertaken, to be overseen by the Joint Committee and Scrutiny members. The terms of reference for the review will be agreed by those Members. The results of the review will be reported to the relevant Member bodies in both Councils in due course.

10. Shared Services Review

- 10.1** Cheshire East and Cheshire West and Chester Councils agreed to commission a strategic review of all 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 in detail.

The work has been undertaken in 3 phases:

- **Phase 1 ICT Shared Services** (in depth review). The key findings of this review were reported to the Joint Committee on 24 September 2021. Further work on technical and financial assurance and due diligence was agreed. The more detailed exercise is required to fully understand the impacts, the delivery plan, the costs, and the benefits of moving to the recommended ICT model before a decision is taken. The resource impact across ICT services as a whole is regularly monitored through project governance to ensure this is manageable and to reduce any additional costs or impacts. This activity is underway and is anticipated to be complete by April 2022.
- **Phase 2 Transactional Services** (in depth review). The key findings of the review were reported to the Joint Committee on 21 January 2022. There is strategic alignment between the two Councils. As well as the investment the two Councils have made to the new Unit4 ERP system, there is a wider strategic commitment to working together. There is alignment of strategies and policies which provide a good

starting point for identifying opportunities for improvement and realisation of efficiencies.

- **Phase 3 the six smaller Shared Services** (desk top review). The key findings of the review were also reported to the Joint Committee on 21 January 2022. They are operating well and in line with best practice, where comparisons can be made. 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. The governance and reporting in some cases are not proportionate to the type of service or the services size and can duplicate or create additional avoidable effort. Funding, for some services, needs to be reviewed to ensure alignment with the shared services principles.

10.2 Officers are reviewing the recommendations and will draw up an implementation/action plan to take forward the improvements, to report back to the Joint Committee.

11. Consultation and Engagement

11.1 Regular conversations take place with the Trade Unions on B4B, and regular staff communication continues.

11.2 Any proposed changes as a result of the shared services review will be discussed with staff and trade unions in both councils.

12. Implications

12.1 Legal

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.

12.2 Finance

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

Best for Business

Programme Spend	Previously forecast 20/21 and 21/22 expenditure £m	Financial Year (actual) 20/21 £m	Financial Year (estimated forecast) 21/22 £m	Total forecast £m
Retained element for asset purchase	0.25	0.00	0.25	0.25
Estimated payments to software provider	3.03	2.44	0.71	3.15
Programme Management costs	3.18	2.34	0.84	3.18
Other (including training)	0.54	0.35	0.19	0.54
Less: chargeable to COVID	(0.20)	(0.06)	(0.14)	(0.20)
Less: costs charged outside programme	(0.27)	(0.27)	0	(0.27)
Total	6.53	4.80	1.85	6.65

Shared Service Review

The cost of the contract with C.Co is £98,000, shared equally between the two councils.

12.4 Policy

There are no policy implications of this report.

12.5 Equality

There are no equality implications of this report.

12.6 Human Resources

There are significant implications of the move to a new HR and Payroll module of Unit 4 ERP.

12.7 Risk Management

There are detailed risk registers which are monitored regularly by the Joint Committee.

12.8 Rural Communities

There are no implications to rural communities of this report

12.9 Children and Young People/Cared for Children

There are no implications to children and young people,

12.10 Public Health

There are no public health implications of this report

12.11 Climate Change

There are no climate change implications of this report.

Access to Information	
Contact Officer:	Jane Burns, Executive Director Corporate Services Jane.burns@cheshireeast.gov.uk
Appendices:	None
Background Papers:	<u>Agenda for Shared Services Joint Committee on Friday, 21 January, 2022, 10.00 am Cheshire East Council</u>