

Cheshire East Council

Cheshire West and Chester Council

Shared Services Joint Committee

Date of Meeting: 25th March 2022

Report Title: Shared Service Review Update Report

Senior Officer: Jane Burns, Executive Director, Corporate Services, Cheshire East Council
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1 Report Summary

1.1 This report provides an update of the progress of the shared services review and proposed next steps.

2 Recommendations

2.1 It is recommended that Members:

- i) Note the progress to date of the Shared Services Reviews
- ii) Note the revised approach to business planning and reporting in section 8.6

3 Reasons for Recommendations

3.1 The Shared Service Joint Committee terms of reference sets out that Joint Committee is responsible for overseeing changes related to the 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 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 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 the shared services has been undertaken in three phases, this report provides a summary of progress:

Phase 1: ICT Shared Services – in depth review

Phase 2: Transactional Services – in depth review

Phase 3: Wider Shared Services (remaining six shared services) – light touch review

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

6.1 The key findings of this review were reported to this 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.

6.2 The due diligence work has been structured into key phases covering the following

- Initiation
- Design development
- Impact analysis
- Financial management
- Delivery plan

6.3 Both councils have fully committed to assisting with the review, providing data and key insight through workshops. Currently the review has focused on the technical aspects and begun to consider the financial elements but at the time of writing it is not possible to provide definitive conclusions. It is anticipated to complete by April 2022 as planned and the full findings of the review will be scheduled for consideration at the next Joint Committee. Following which, an implementation plan will be developed.

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

6.4 The review of Transactional Shared Service has considered the strategic alignment between the Councils, efficiency and effectiveness of the service, through baselining costs, benchmarking against other councils and gaining a deeper understanding of performance from a customer perspective. It has then considered the best delivery model for the future and has recommended opportunities for further improvement.

6.5 Key findings included:

- A good level of strategic alignment between the two council, providing a good starting point to realise the benefits of a shared service
- A recognition of the scale of transformation and capacity required to deliver UNIT 4 ERP
- Costs and performance are broadly reflective of comparators
- There is a significant opportunity to review differences and standardise and design out avoidable demand
- Clear officer governance with defined client responsibilities should be implemented, together with a new shared service identity
- More qualitative performance measures should be identified
- There is the opportunity to revisit the pricing mechanism once UNIT 4 is fully embedded
- Services to schools should be reviewed

6.6 A full implementation plan is being drafted but has not been finalised due to the priority to support implementation of UNIT 4. This plan will be shared with the Joint Committee. It is expected that work to develop the implementation plan will be completed and available to be reported at the Joint Committee in June 2022.

7. Summary Progress of Phase 3: Wider Shared Services (Remaining Six Shared Services)

7.1 The C.Co report on the findings and recommendations for the six smaller shared services is now complete.

7.2 A key finding was that not all the services could be defined as a full shared service and reflect a number of varying joint relationships. However, they are all subject to the same Shared Services governance, through the Shared Services Joint Committee (SSJC). This requires annual business plans to be submitted and quarterly performance reports to be provided.

7.3 As part of the review, the services were considered against a series of principles to assess whether they were truly a Shared Service, whether they operated as a Managed Service or were functioning as a Strategic Partnership. The following table provides further information on this categorisation.

Category	Definition	Categorisation for current shared services
Shared Service	Joint service with shared objectives, priorities and financial liabilities and benefits	<ul style="list-style-type: none"> • ICT • Transactional Services • Emergency Planning • Archives and Local Studies (or a managed service) • Archaeology and Planning Advisory Service
Managed Service	A service governed through a contract with fixed costs and defined deliverables expected by one party	<ul style="list-style-type: none"> • Libraries Shared Service
Strategic Partnership	Pooling specialist expertise to contribute towards delivery of an objective	<ul style="list-style-type: none"> • Farms Estate Management • Cheshire Rural Touring Arts

7.4 The review recommended a small number of recommendations to update service level agreements and budgeting arrangements. These recommendations will be progressed by each service and respective client managers. Engagement will take place with Shared Service managers in April with a view to implementation of the recommendations during 2022/2023. It is expected that each service manager, in consultation with the client managers, will develop an implementation plan which will be reported to Joint Committee.

7.5 One key message was to put in place more proportionate governance and reporting as a result of the categorisation above. Therefore, it is proposed that the following is put in place for the forthcoming financial year

- i. Business plans will be considered by Joint Committee for the five shared services – ICT, Transactional Services, Archives and Local Studies, APAS, and Emergency Planning.
- ii. These business plans will be considered at the next Joint Committee to ensure they are reflective of the Shared Service reviews. In future years they will be considered in March.

- iii. Other joint arrangements will be managed through officer client and provider relationships and overseen by each council through their democratic governance arrangements.
- iv. A balanced scorecard approach to performance management will be considered by Joint Committee on a bi-annual basis to provide the headline performance issues for each shared service and also any supporting information. This will enable more in depth and focused reviews than current quarterly reviews.
- v. Both councils will continue to report on performance quarterly through their governance arrangements
- vi. The Joint Committee will receive regular updates on the progress of Shared Service reviews through to implementation.

8. Next Steps – Timeframe

High level next steps, together with an indicative timeline are set out below. Full plans, with timescales will be available at the June Joint Committee.

Activity	Timeframe
ICT Due Diligence completed	April 2022
Engagement with Shared Service managers	April 2022
Service Managers to develop plans to implement the recommendations	May 2022
Business plans for 2022/2023 to be developed in accordance with paragraph 8.5 and submitted to Joint Committee	June 2022
Proposals for Shared Service Governance developed	June 2022
Full update report on the Shared Services Review implementation to Joint Committee	June 2022

9. Implications of the Recommendations

9.1 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.

9.2 Finance Implications

The financial implications of each review have been covered in previous reports. The financial implications of the shared service review will be shared with the Joint Committee following due diligence.

9.3 Policy Implications

Any changes to policy implications as a result of the findings and recommendations of the review will be identified by each service and taken through appropriate governance processes.

9.4 Equality Implications

There are no direct Equality implications at this stage.

9.5 Human Resources Implications

Implications for Human Resources are dependent on the recommendations arising as a result of each review where needed an action plan will be developed to take forward the recommendations and any HR implications will be considered as part of the action plan.

9.6 Risk Management Implications

Any risks associated with the findings and implementation of recommendations will be made clear to members as they are understood.

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

9.7 Rural Communities Implications

There are no direct implications for Rural Communities.

9.8 Implications for Children & Young People/Cared for Children

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

9.9 Public Health Implications

There are no direct implications for Public Health.

9.10 **Climate Change Implications**

There are no direct Climate Change implications

9.11 **Ward Members Affected**

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

10. **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

11. **Contact Information**

11.1 Any questions relating to this report should be directed to the following officer:

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