



# Shared Services Joint Committee

## Agenda

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**Date:** Friday 29th November 2013  
**Time:** 1.30 pm  
**Venue:** Comittee Room 10 - Wyvern House, The Drumber, Winsford, CW7 1AH

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

**1. Apologies for Absence**

To note attendances, substitutes, and any apologies for absence.

**2. Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

**3. Public Speaking Time/Open Session**

Members of the public are entitled to address the Joint Committee on reports contained within the agenda. One person can speak in support of each item, and one against, with a limit of three minutes each. It would be helpful if any person wishing to speak would give prior notice to the Democratic Services Officer named below.

**4. Minutes of Previous meeting (Pages 1 - 2)**

To approve the minutes of the meeting held on 13 September 2013

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For any apologies or requests for further information, or to give notice of a question to be asked by a member of the public

**Contact:** Rachel Graves  
**Tel:** 01270 686473  
**E-Mail:** [rachel.graves@cheshireeast.gov.uk](mailto:rachel.graves@cheshireeast.gov.uk)

5. **Shared Services Update At Mid Year Review** (Pages 3 - 40)

To consider a joint report of the Chief Operating Officer, Cheshire East Council, and the Director of Resources, Cheshire West and Chester Council, on the financial position at Mid Year 2013-14 for the remaining Shared Services

6. **Governance Arrangement - CoSocius Limited** (Pages 41 - 88)

To consider a joint report of the Chief Operating Officer, Cheshire East Council, and the Director of Resources, Cheshire West and Chester Council, on the governance arrangements for CoSocius Limited

7. **Company Board of Directors Structure - CoSocius Limited** (Pages 89 - 98)

To consider a joint report of the Chief Operating Officer, Cheshire East Council, and the Director of Resources, Cheshire West and Chester Council, on the structure for the Board of Directors for CoSocius Limited

8. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

**PART 2 - MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT**

9. **CoSocius: Contract and Operating Principles (To follow)**

To consider a joint report of the Chief Operating Officer, Cheshire East Council, and the Director of Resources, Cheshire West and Chester Council

Minutes of a meeting of the **Shared Services Joint Committee**  
held on Friday, 13th September, 2013 at Committee Room 2 - Wyvern  
House, The Drummer, Winsford, CW7 1AH

## **PRESENT**

Councillor D Brown (Chairman)  
Councillor L Ford (Vice-Chairman)

Councillors B Moran, P Raynes, L Jones and L Riley

## **Officers**

### Cheshire East Council

Vivien Quayle, Head of Commercial Strategy, Innovation and Performance  
Julie Openshaw, Legal Team Leader  
Steve Wilcox, Finance Lead  
Rachel Graves, Democratic Services Officer

### Cheshire West and Chester Council

Julie Gill, Director Resources  
Sharon Barclay, Project Manager Transformation  
Graham Gresty, Senior Accountant  
James Barclay, Project Officer

Dominic Whelan, Cheshire Shared Services Managing Director

## **18 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

## **19 DECLARATIONS OF INTEREST**

No Declarations of Interest were made.

## **20 PUBLIC SPEAKING TIME/OPEN SESSION**

No members of the public were in attendance and no questions had been submitted prior to the meeting.

## **21 MINUTES OF PREVIOUS MEETING**

### **RESOLVED:**

That the minutes of the meeting held on 26 July 2013 be approved as a correct record and signed by the Chairman.

## **22 SHARED SERVICE FIRST QUARTER FINANCIAL REVIEW 2013-14**

Consideration was given to a report which provided a summary of the financial position at First Quarter Review 2013-14 for the remaining Shared Services.

Details of the outturn projections for these Shared Services were shown in Appendix 1 to the Report. It was noted that the Farms Shared Service and ICT Shared Service were currently forecasting significant budgetary variances.

The Farm Shared Service was forecasting an total underspend of £0.287m, which was due to lower than expected farm maintenance costs in both Cheshire East and Cheshire West & Chester. It was requested that a report on the farm maintenance programme be brought to a future meeting.

The ICT Shared Service was reporting a total forecast overspend of £0.418m before remedial measures (£0.524m) which would reduce the forecast outturn to an overall underspend of £0.106m. The gross overspend was mainly due to the significant number of additional project hours (estimated 70,000 additional hours) that were expected to be commissioned by both Councils above the 40,000 guaranteed amount and the capacity of the ICT Shared Services Target Operating Model. To deliver the additional work, external partner and external contractors would need to be engaged. The hourly rate for external delivery was higher than the current income rate for project work, which was resulting in a forecast overspend of £0.524m. The ICT Shared Services had prior approval, as part of its Target Operating Model to charge the market rate for additional project costs.

### **RESOLVED:**

That the overall first quarter financial review relating to Shared Services be noted.

The meeting commenced at 1.35 pm and concluded at 2.10 pm

Councillor D Brown (Chairman)

# **CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL**

## **SHARED SERVICES JOINT COMMITTEE**

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<b>Date of Meeting:</b>	29 November 2013
<b>Report of:</b>	Cheshire East – Chief Operating Officer Cheshire West & Chester – Director of Resources
<b>Subject/Title:</b>	Shared Service Update at Mid Year Review

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### **1.0 Report Summary**

- 1.1 This report provides a summary of the financial position and performance against key indicators at mid year for the remaining Shared Services. It summarises the current forecast outturn position for 2013-14 at this point based on actual expenditure at the end of September 2013.
- 1.2 In terms of overall performance, this report indicates that the majority of Shared Services appear to be delivering to plan under the sharing arrangements between Cheshire East Council (CE) and Cheshire West and Chester Council (CWAC). An indication of overall performance for each shared service at the mid year point is contained in Appendix 1. This provides a simple RAG (Red/Amber/Green) rating for each area. Five Shared Services are rated as “Green” at the mid year point 2013-14 which is an increase on that reported at Outturn 2012-13. This suggests that performance issues highlighted at that time are being addressed.
- 1.2 Full details of the financial outturn projection for individual services are shown at Appendix 2. High level risks to shared service arrangements are summarised in Appendix 3.

### **2.0 Recommendations.**

- 2.1 That the overall mid year performance position relating to the Shared Service arrangements be noted.

### **3.0 Reasons for Recommendations**

- 3.1 The Shared Services Administrative Agreement makes provision for the Joint Committee to receive periodic performance reports based on the information and measures contained in Shared Service Business Plans.

### **4.0 Wards Affected**

- 4.1 This report relates to Shared Services that operate across both Cheshire East and Cheshire West and Chester so all wards are affected in both Councils.

## 5.0 Local Ward Members

- 5.1 This report relates to Shared Services that operate across both CE and CWAC so all wards are affected in both Councils.

## 6.0 Policy Implications

- 6.1 None.

## 7.0 Financial Implications - Summary Outturn Forecast 2013-14

- 7.1 In producing the 2013-14 mid year review and forecast outturn, each Shared Service has been reviewed and an agreed summary of actual costs to date and forecast outturn positions have been identified for each service. This forecast outturn is then split according to the respective cost sharing arrangement for each service. This has then been compared to the 2013-14 budgets for each Authority to produce a budgetary variance and forecast outturn position. Further details are provided in Section 12.
- 7.2 Full details of the outturn projection for individual Shared Services are shown in Appendix 2. Table 1 below provides details of the individual Shared Services collective position as at the projected outturn position.

**Table 1**

2013-14	Mid Year review Projected Outturn  £000	Budget  £000	Variance -under / over  £000
East cost share	5,796	5,863	-67
West cost share	5,970	6,122	-152
<b>Total Cost</b>	<b>11,766</b>	<b>11,985</b>	<b>-219</b>

- 7.3 Overall this is an improved position on quarter 1 projections which suggested a total overspend of £208k.

## 8.0 Legal Implications

- 7.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which authorities will work together. Shared Service Agreements and Secondment Agreements set out the mechanisms by which individual Shared Services operate.

## 9.0 Risks

- 8.1 Each Shared Service is required to produce a Risk Register as part of the service Planning Process. This primarily focus on risks to operational delivery but where high level risks emerge these are escalated to the Joint Officer Board to consider inclusion on the Strategic Risk Register.

- 8.2 A review of the risks associated with the shared service arrangements has recently been undertaken. This suggests that capacity at both an operational and strategic level is an increasing risk to delivery. The top five risks emerging from a recent review of the Strategic Risk Register are included in Appendix 3.

## **10.0 Background**

- 10.1 All Shared Services are underpinned by formal legal arrangements 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. Business Plans for 2013-16 set out the measures by which the Shared Services' performance has been assessed.
- 10.2 This report provides an overview of Shared Services performance and finances at the mid year point for 2013-14,

## **11.0 Mid Year Performance 2013-14**

- 11.1 This performance report relates to the remaining long term Shared Services currently in place between CE and CWAC Councils. This includes:
- ICT and HR and Finance (combined from August 2013 but set to transition to SLE in April 2014)
  - Farms Estate
  - Emergency Planning
  - Occupational Health
  - Archives
  - Libraries Specialist Support
  - Rural Touring network
  - Archaeology Planning Advisory Service.
- 11.2 A summary of performance is contained in Appendix 1. This summarises performance against budget and performance indicators as set out in Shared Service Business Plans for 2013-14. A RAG rating (Red / Amber / Green) has been applied to provide a judgement of overall performance based on these two elements. This suggests that:
- Five services are rated as Green (performing well)
  - Three services are rated as Amber (mixed performance)

This is an improvement on the 2012-13 outturn position.

- 11.3 As far as possible each service have provided comparative performance against annual targets and the previous year's performance
- 11.4 It should be noted that this is the first time that a statement on overall performance has been produced for the Shared Services at the mid year point. This effectively demonstrates a continuing commitment to improving the Shared Services performance management framework and the frequency of reporting in this area.

## **12.0 Mid Year Financial Performance**

- 12.1 The financial position for each of the Shared Services is contained in Appendix 1 but is summarised below.
- 12.2 **ICT** – The ICT underspend has reduced since First Review and is projecting an overall underspend of £23k compared with an underspend of £106k (after remedial action) at first review. The change is due to additional costs associated with the personal workset update and estimated income from schools is less than previously expected.
- 12.3 The shared service is forecasting an underspend of £91k in CWAC and an overspend of £69k in CE. Discussions are still ongoing between CE & CWAC about the funding for the additional project hours but it has been assumed, within the reported variances, that the project work will be fully recovered.
- 12.4 **Farms** – The Farms Shared Service are currently forecasting a total underspend of £250k. This is due to lower than expected farm maintenance costs in both CE and CWAC.
- 12.5 **HR and Finance** – The HR and Finance Service are currently projecting an overall overspend of £20k at mid year review compared with a £54k overspend at first review.
- 12.6 **Occupational Health** – This service is projecting an underspend of £33k at mid year review. This is due to vacancy management in order to meet a 2014-15 policy option.
- 12.7 **Archives** – The service is projecting an overspend of £37k which is mainly due to the CE share of a feasibility study and a £12k variance on other budgets.
- 12.8 **Libraries** – Libraries are currently forecasting an overspend of £33k compared with £23k at First Review this is mainly due to voluntary redundancy costs.
- 12.9 **Emergency Planning** – The shared service is currently forecasting a small £4k underspend at mid year review. This is a result of a current vacancy in the structure which has not yet been appointed to.
- 12.10 **Rural Touring Network and Archaeological Planning and Advisory Services** – both forecast to be balanced.
- 12.13 Overall the financial position for each Council at the mid year point can be summarised as follows:

### **Cheshire East**

Within CE, at mid year review there is a total projected underspend of £67k compared with an overspend of £0.169m at first review (before proposed remedial measures). The projected underspend relates largely to a reduction in the ICT overspend from £0.289m to £69k. The overspend in HR and Finance has reduced from £31k to £14k. Archives (£37k) and Libraries (£10k) are forecasting the same level of overspend as that reported at first review. These



overspends are reduced by the forecast underspends within Farms (£0.177m) due to lower maintenance costs and Occupational Health (£18k).

### **Cheshire West and Chester**

The overall shared service projected outturn at mid year review is a £0.152m underspend compared with a £39k overspend at first review. As with Cheshire East, the forecast overspend within ICT shared service at first review (£0.129m) has reduced significantly to a £91k underspend. The overspend in HR and Finance has reduced from £23k to £6k and Libraries Shared Services overspend has increased from £13k to £23k due to redundancy settlements. These overspends are reduced by the forecast underspends within Farms (£73k) due to lower maintenance costs and Occupational Health (£14k).

## **13 Conclusion**

- 13.1 The overall approach to in-year performance reporting is improving as it now takes into account both financial and non-financial performance. This is largely down to the ability to focus on just eight Shared Services which are set to remain for the longer term. It will be important to ensure that this discipline is maintained and continues to improve in the future particularly where Shared Services will transition onto a more commercial footing from 1 April 2014 e.g. CoSocius – the new company which will include for ICT and HR and Finance Shared Services.
- 14.2 In many areas the measures used to monitor performance have stabilised but in others there appears to be some difficulty in developing a suite of PIs that provide a clear picture of performance. This issue needs to be addressed so that the indicators used provide an accurate view of delivery and enable the services and clients to compare performance and continue to improve the quality of management information.
- 14.2 At the mid year point the number of Shared Services receiving a Green RAG rating increased from three at the 2012-13 Outturn position to five. (This takes account of the recent merger of the ICT Shared Service and the HR and Finance Shared Service). This reflects improved performance against budget and the potential to delivery against annual performance targets. It is anticipated that where services have been rated as Amber mitigating action to address budgetary issues will move these to a more positive position by year end. However capacity still remains a risk to delivery in some areas and this could have an adverse impact on performance outcomes before the end of the financial year.

## **15.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writers:

Officer: Peter Bates, Chief Operating Officer – Cheshire East Council/  
Julie Gill, Director of Resources – Cheshire West & Chester Council  
Tel No: 01270 686013 / 01244 977830  
Email: [peterbates@cheshireeast.gov.uk](mailto:peterbates@cheshireeast.gov.uk) [Julie.gill@cheshirewestandchester.gov.uk](mailto:Julie.gill@cheshirewestandchester.gov.uk)

**Background Documents:**

Cheshire East Cabinet Report – Shared Services – 7<sup>th</sup> October 2008  
Cheshire West and Chester Executive Report – Joint Liaison Committee  
Recommendations: Caretaker and Nominated Councils; Shared Services: Service Delivery  
Option; Shared Back Office Services – 15<sup>th</sup> October 2009  
Cheshire East Cabinet Report – Shared Services – 3<sup>rd</sup> March 2009  
Cheshire West and Chester Executive Report – Shared Services – 18<sup>th</sup> March 2009  
Cheshire East Cabinet Report – Shared Services – 23<sup>rd</sup> March 2009  
Cheshire Shared Services Joint Committee Report – 10<sup>th</sup> June 2009  
Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> July 2009  
Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> September 2009  
Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2009  
Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> October 2009  
Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2009  
Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> February 2010  
Cheshire Shared Services Joint Committee Report – 12<sup>th</sup> March 2010  
Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> March 2010  
Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> May 2010  
Cheshire Shared Services Joint Committee Report – 16<sup>th</sup> July 2010  
Cheshire Shared Services Joint Committee Report – 17 September 2010  
Cheshire Shared Services Joint Committee Report – 29 October 2010  
Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2010  
Cheshire Shared Services Joint Committee Report – 7<sup>th</sup> January 2011  
Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> February 2011  
Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> March 2011  
Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> July 2011  
Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2011  
Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> November 2011  
Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> January 2012  
Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> May 2012  
Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> June 2012  
Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> July 2012  
Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> August 2012  
Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> September 2012  
Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> November 2012  
Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> February 2013  
Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> March 2013  
Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> March 2013  
Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> April 2013  
Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> June 2013  
Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> July 2013  
Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> September 2013

Documents are available for inspection at:

Cheshire East Democratic Services  
Westfields  
Middlewich Road  
Sandbach  
CW11 1HZ

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

## SHARED SERVICE MID YEAR PERFORMANCE REPORT 2013-14: SUMMARY

This summary of performance considers both qualitative and quantitative performance in terms of the shared services achievements and performance against national and local indicators as outlined in the Business Plans 2013-14. The RAG rating (Red / Amber / Green) is a judgement based on the combined performance of both elements.

SERVICE		SUMMARY OF PERFORMANCE	Overall Rating 2012-13	Mid Year Rating 2013-14
A01a	HR and Finance	These two services have merged in readiness for a new company – CoSocius, to go live on 1 April 2014. Inevitably a lot of effort to date has been focused on progressing the transition but this has not detracted from the day to day operational delivery. At half year the majority of indicators are on target. The Services' overall budget position is positive.	G	G
A01b	ICT Shared Service		A	
A03	Farms Estate	At the mid year point Farms are generally on track with two exceptions: debt recovery and disposals. Mitigating action is being taken to address these issues but it is unlikely that anticipated targets will be achieved in the current year. However the budget forecast predicts a £250k under spend due to lower than anticipated maintenance costs.	G	A
A04	Emergency Planning	This Service has co-ordinated the response to nine major incidents so far this year and has largely maintained delivery in line with planned targets. However performance against the delivery of statutory plans has not progressed as anticipated as the team is currently operating at 70% capacity due to staffing issues. The mid year budget shows a slight under spend.	A	G
A05	Occupational Health	OHU has continued to build on the improvement delivered in 2012-13. A performance management framework has been developed which will be further enhanced once the EOPUS system is fully operational. The service restructure has been completed and the budget position is positive. Customer feedback suggests that service delivery has improved.	A	G
A06	Archives	Net expenditure on this Service remains in the lowest quartile and SLAs with Halton and Warrington have been improved to provide greater certainty around future funding. Reassessment of Customer Excellence is anticipated in the new year. The exploration of alternative premises continues but it is anticipated that the delivery of the feasibility study will slip slightly. Funding issues linked to this and contributing to the current overspend situation will be addressed by Cheshire East.	A	A

SERVICE		SUMMARY OF PERFORMANCE	Overall rating	Mid Year Rating 2013-14
A08	Libraries Specialist Support	In the first half of 2013-14 effort has been focused on transferring CE service employees to CWAC and it is anticipated that this will be achieved by 01.12.13. General performance is primarily on target but there is concern about a continuing decline in the buy-back of services by Cheshire schools. Efforts are being made to mitigate a small overspend.	A	A
A14	Rural Touring Network	This service has developed its performance management framework to monitor operational delivery as well as audience participation and feedback. Overall the RTA is set to deliver against its plans for 2013-14	G	G
B14	Archaeology	Review activity on Cheshire's Historic Environment Record (HER) continues to be influenced by an externally-funded project however current performance is above target. All other performance targets are currently being met and the budget is balanced at the mid-year point	A	G

### RAG Rating

<b>R</b>	Poor Performance - Targets unlikely to be met, significant budget issues
<b>A</b>	Mixed Performance - varying performance against targets, some budget issues to be addressed
<b>G</b>	Performing Well – performance predominantly on target, no major budget issues

## SHARED SERVICES MID YEAR REVIEW OF PERFORMANCE 2013-14

### ICT and HR and Finance

Overall Rating at Mid Year:

**G**

**Service Manager** – John Callan

In August 2013 the ICT and HR and Finance Shared Services were amalgamated under a single management team as part of the transition to a Separate Legal Entity. On the 1<sup>st</sup> October they have moved into the shadow mode and is starting to operate as “CoSocius” – the company due to be formally launched in April 2014.

The key focus remains on maintaining service delivery performance across all existing services and at half year the majority of key indicators are being met. During the shadow 6 months, however, new key performance indicators are being set across all services to reflect the expectations of the SLE contracted performance. These will be agreed with the respective Client functions during November, along with new pricing models for each service. The pricing models will be used by CoSocius as part of its new service catalogue being developed for April 2014.

Change delivery performance is now being supported effectively with the new supply partner SOPRA which is being used in conjunction with the existing Comensura (agency staff) arrangements. Monthly reviews are taking place with both Clients to monitor change performance and delivery of outcomes.

Work has now commenced to co-locate all CoSocius services to a single location in Goldsmith House, Chester with the aim to complete the first departmental moves before Christmas.

At half year the service is reporting a break even financial outturn based on current financial reporting. Work has started on new cost of change methods to be adopted from 1<sup>st</sup> April 2014 (SLE launch).

The first colleague communication re: TUPE has now taken place in line with the commitment made at the successful colleague conference which took place on 30<sup>th</sup> September. Consultation on the move of twenty-three Employee Service Centre and Payment and Income roles from Winsford and Congleton was completed at the end of September and work has now started on the ‘job swap’ process ahead of roles moving in December.

### Mid-Year Budget position

HR and Finance - £20,000 overspent

ICT - £23,000 under spent

(Note that some of these costs are based on high-level estimates and will be reviewed before Third Quarter Review.)

## A01 - HR and Finance Mid-year Performance Update

Measure		Responsible Officer	Split	2011-12 Actual	2012-13 Actual	2013-14 Target	2013-14 Half year	Comments on 2013-14 Performance
HRF1	Benchmarking cost per payslip	ESC Manager	Jointl	1.70	1.65	1.65	1.65	
			East	1.70	1.65	1.65	1.65	
			West	1.70	1.65	1.65	1.65	
HRF2	Benchmarking cost per payments invoice	Exchequer Manager	Overall	1.52	1.40	1.35	1.40	Reduction in costs based on restructure in P&I is still in progress
			CE	1.52	1.40	1.35	1.40	
			CWAC	1.52	1.40	1.35	1.40	
HRF3	Benchmarking costs per receivables invoice	Income Manager	Overall	3.77	3.57	3.50	3.50	
			CE	3.77	3.57	3.50	3.50	
			CWAC	3.77	3.57	3.50	3.50	
HRF4	Staff ratio of employees to Contracting staff	ESC Manager	Overall	500	502	500	500	
			CE	500	502	500	500	
			CWAC	500	502	500	500	
HRF5	% Invoices ready for processing in 10 working days*	Exchequer Manager	Overall	98%	98%	98%		
			CE	98%	98%	98%		
			CWAC	98%	98%	98%		
HRF6	% Invoices paid within 31 working days of receipt	Exchequer Manager	Overall	93%	94%	95%	96.5%	
			CE	93%	94%	95%	97%	
			CWAC	93%	94%	95%	96%	
HRF7	% CRB's being completed electronically	Sourcing Manager	Overall	81%	92%	95%	96%	
			CE	81%	92%	95%	98%	
			CWAC	81%	92%	95%	93%	

## A02 - ICT Mid Year Performance Update

Measure		Responsible Officer	Split	2011 -12 Actual	2012-13 Actual	2013-14 Targets	2013-14 Half year	Comments on 2013-14 Performance
ICTSS 01	Service Desk Telephone Answer Service Level 80% in 20 seconds by the end of the 2010/11 year	Service Delivery Manager	Joint	90.4%	62.4%	80/20	53.5%	Following the TOM restructure, there have been resource issues on the Service Desk which has lead to a reduction in call answer stats. Once fully populated, the 80%/20sec target is achievable in 14/15.
ICTSS 02 **	% of priority 1 service desk calls resolved with 4 hours (for all channels and assigned by 1st line support). Incidents only	Service Delivery Manager	East And West	94%	Inc: 73.3%  Inc: 85.3%	95% (excluding those referred to third parties)	East 75.0%  West 79.3%	Due to the nature and relatively small number of P1 incidents (which are managed through the Major Incident process), it is difficult to achieve this target. The process for raising, investigating, resolving and closing a major incident is embedded in ICTSS, and we will be negotiating the target with Clients.
ICTSS 03 **	% of priority 2 service desk calls resolved with 8 hours (for all channels and assigned by 1st line support). By Incidents and Service Requests	Service Delivery Manager	East And West	Incidents: 87% Service Reqs: 97%	Inc: 75.2% S/R: 96%  Inc: 78% S/R: 96.5%	Inc: 95%  S/R: 95%	East: Inc 74.7% SR 95.3%  West: Inc 70.6% SR 96.6%	Incidents: There has been much discussion with CEC and CWaC around the appropriateness of incidents calls being logged as P2 and P3 – typically these are for VIPs irrespective of the nature of the incident. The focus will be on agreeing with CEC/CWaC how best to manage these calls.  Service Requests: within service targets.
ICTSS 04 **	% of priority 3 service desk calls resolved with 5 days (for all channels and assigned by 1st line support) By Incidents and Service Requests	Service Delivery Manager	East And West	Incidents: 90% Serv Reqs: 98%	Inc: 74.6% S/R: 96.1%  Inc: 73.5% S/R: 96.1%	Inc: 95%  S/R: 95%	East: Inc 70.9% SR 96.2%  West: Inc 72.5% SR 96.6%	Incidents: as for 03 above.  Service Requests: within service targets.

Measure		Responsible Officer	Split	2011-12 Actual	2012-13 Actual	2013-14 Targets	2013-14 Half year	Comments on 2013-14 Performance
ICTSS 04a **	% of priority 4 service desk calls resolved with 5 days (for all channels and assigned by 1st line support) Incidents only	Service Delivery Manager	East And West	Incidents: 95%	91.9% 92.8%	75%	East: Inc 88.9%  West: Inc 89.4%	Within service targets.
ICTSS 05	% availability average of corporate network edge sites (corporate non-ADSL)	Service Delivery Manager	East And West	99.2%	99.0% 97.5%	99.0%	East 98.7% West 99.0%	Within service targets.
ICTSS 06	% availability of core business applications during working hours (Priority 1 applications as defined in the business continuity plan)	Service Delivery Manager	East And West	99.8%	99.7% 99.8%	99.0%	East: 99.8% West: 99.9%	Within service targets.
ICTSS 07	% projects completed within agreed timescales	Programme & Project Services Manager	Joint	51%	33%	75%	34%	Implementing the TOM and a new agency contract has continued to have a significant impact on project delivery timescales.  We are expecting a significant step change in 14/15.
ICTSS 08	% projects completed within agreed budget	Programme & Project Services Manager	Joint	91%	76%	75%	72%	As for 07 above. There are also no tolerances or contingency budgets allocated to projects which impact on this measure.
New PI 1	Availability - Exchange (Email)	Service Delivery Manager	Joint	99.5%	99.8%	98.0%	98.2%	Within service targets.



Measure		Responsible Officer	Split	2011-12 Actual	2012-13 Actual	2013-14 Targets	2013-14 Half year	Comments on 2013-14 Performance
New PI 2	Availability - Intranet	Service Delivery Manager	East And West	99.9%	99.9% 99.9%	98.0%	96.3% 96.3%	A number of software (Sharepoint) rather than hardware (server) issues have lowered the availability stats.
New PI 3	Availability – Internet	Service Delivery Manager	East And West	99.8%	100% 100%	98.0%	99.6% 99.6%	Within service targets.
New PI 4	Availability – Click Into Cheshire	Service Delivery Mgr	Joint	99.91%	100%	99.75%	100.00%	Within service targets.

**Service Manager:** David Job

Cheshire Farms shared service was established to provide the management function for the Farms Estates of each authority, a rural property portfolio that provides opportunities for those wishing to take up farming on their own account and the rural based specialisms required in the acquisition, management and disposal of this and other rural property held by each authority. The team comprises two Land Agents and 1.3 FTE support staff specialising in the acquisition, management and disposal of rural property and it is the costs associated with replacing or replicating the required skills sets that provide a fundamental reason for the formation of the shared service.

Management of the estates follow individual strategies approved by each authority in late 2011 / early 2012.

- CW&CBC policy is designed to manage the cessation of service provision over an undefined period of years.
- CEBC policy is designed around a retention model but aims to improve the operational and financial performance of its Estate over a 5 year period concluding in 2017. The key features of this Strategy are:
  - A physical restructuring of the Estate to provide a range of farming opportunities suited to the modern needs of the agricultural industry.
  - To realise capital receipts through the rationalisation of the Estate and to improve long term financial viability.
  - The use and reinvestment of a proportion of the capital receipts in measures to a) improve the quality and efficiency of the retained Estate and b) finance the costs of disposal.

The service is provided on a pan-Cheshire basis to achieve maximum benefit from efficiencies and economies of scale in using specialist services and expertise.

At the mid year point Farms are generally on track with exception to the following:

- Debt provision target for Cheshire West (£5919.43) which will not be hit due to the death of one tenant who has subsequently been found to be on the point of bankruptcy (Current estimated outturn £19,000). Measures have been put in place to mitigate loss through contract termination processes.
- Disposals target for Cheshire East (2.68 m). This is the average value required to be achieved to meet the total expected receipts during the 5 yr strategy. Whilst the volume of property required to generate this sum has been identified, predicted actual receipts during the current financial year are £1 million.

### **Mid-Year Budget Position**

£250,000 under spent due to lower maintenance costs having resulted in a favourable forecast

INDICATOR	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013/2014 Target	2013/14 Half Year (Actual)	COMMENTS
<b>Revenue Income Generation</b>						
CEBC	£632,587	£629,935	£662,987	£697,717	£383,558	E - Target is budget. Actual forecast for outturn £654,681
CW&CBC	<u>£559,227</u>	<u>£616,327</u>	<u>£561,566</u>	<u>£394,629</u>	<u>£384,614</u>	W - Forecast outturn £566,068
Total income	£1,201,579	£1,246,262	£1,224,553	£1,092,346	768172	
<b>In Year Debt</b>						
CEBC		£2,810	£5,012.69	<£10,465.75	£15,292.00	E - Majority due to one tenancy debt. Currently being monitored and managed.
CW&CBC		<u>£8,576</u>	<u>£14,609.00</u>	<u>&lt;£ 5919.43</u>	<u>£19,075.00</u>	W - Majority due to one potential bad debt being managed through end of tenancy following death.
Total In Year Debtors	£6,308	£11,386	£19,621.69	<£16,385.18	£34,367.00	
<b>% in year debt to total income</b>	0.52%	0.90%	CEBC 0.75% CW&CBC 2.60%	<1.50% <1.50%	3.9% 4.95%	E – Forecast as per target W – Forecast as per current actual.
<b>Total Debtors outstanding</b>	£95,821	£96,115	£ 98, 125	£96,115	£123,602	
<b>Capital Receipts</b>						
CEBC	£1,608,000	£548,065	£2.83 million	£2.68 million	£515,000	E - Flat profiled average of predicted total over 5 years. Further £520,000 either planned or agreed in year.
CW&CBC	£854,420	0	£2.10 million	£5.07 million	£1.11 million	W -Balance identified and on market.
<b>Capital Expenditure</b>						
CEBC	£59,668	£94,341	£328,269	£762,889	£9513	E – Forecast under budget in year and on budget for project period.
CW&CBC	£5,186	0	£0	£0	£0	
<b>Vacancy Rate</b>						
CEBC	5	6	3	<7	3	Forecast to either hit or be under target based on assumption of achieving disposals.
CW&CBC	<u>4</u>	<u>5</u>	<u>5</u>	<u>&lt;5</u>	<u>6</u>	
Total	9	11	8	<12	9	Approx < 10%

## A04 EMERGENCY PLANNING

Overall Rating at Mid Year:

**G**

**Service Manager** Chris Samuel

The overarching aim of the Shared Emergency Planning Service is to ensure that both Cheshire West and Chester Council, and Cheshire East Council, have the capability to respond effectively and efficiently to any major emergency in support of their communities, and the multi-agency response. The service is also responsible for the co-ordination of Business Continuity Management (BCM) function delivery across Cheshire East Council and Shared Services (the latter in conjunction with CWaC Risk & Continuity Officer).

The service has 7 staff (3 CWaC and 4 CE) with six officers based in Chester and one in Sandbach. The service has a budget of £327k pa of which £23K is income generated through cost recovery for work performed under COMAH, REPPiR and PSR legislation. The budget for 2013-14 reflects a 24% efficiency saving made in 2012-13.

The team is currently responsible for the off-site emergency plans for 17 top-tier COMAH (Control of Major Accident Hazard) sites, 1 nuclear facility and 600kms of Major Accident Hazard Pipelines.

The team continues to perform well and has responded to nine incidents since April 2013 – these included 2 Major Incident Standbys involving major fires and evacuations in Styal and Sandbach, as well as a bomb threat at Leighton Hospital at Crewe and a motorcycle accident at Oulton Park. Other key areas of work that are ongoing include: (1) co-ordination of Business Continuity management delivery in Cheshire East, (2) continued statutory off-site planning and exercising of industrial hazard plans, (3) continued activities designed to increase general emergency preparedness levels across both authorities, and (4) the development of an effective vulnerable people identification strategy.

**Mid-Year Budget Position** £4,000 under spent resulting from vacancy management

## A04 Emergency Planning Mid-Year Performance Update

Measure		Responsible Officer	Split	2011-12 Actual	2012-13 Actual	2013-14 Target	2013-14 Half Year	Comments on 2013-14 Performance at Mid-Year
EPM1	Overall delegate satisfaction with training events (i.e. very good, good, satisfactory)	Suzanne Pritchard				80%	100%↑	<p>In recent months the team has begun rolling out the first of its 16 'Introduction to Emergency Planning Workshops' to all staff across the two authorities. These will continue up to April 2014, have been well attended and well received.</p> <p>Another key area of work undertaken by the service during this period has been the promotion of Community Resilience planning with parish and town councils across CWaC with three workshops in May and June, attended by over 50 delegates. We have also undertaken a Speed Training event in CE in October and a Table-top Exercise in CWaC in November, where we sought to further empower communities with the knowledge and the skills to prepare for emergencies including severe weather incidents. All events have been well received. Consequently a number of parish and town councils in both authorities have now begun the process of preparing Community Emergency Plans.</p>
EPM2	Statutory plans delivered within agreed timescale	Chris Samuel	Overall	100%	95%	100%	95%↔	<p>The team is currently operating at 70% capacity with one officer off on long term absence, and one post currently vacant – team management are currently analysing the impact on delivery of the annual business plan for 2013-14 and will adjust its work-stream priorities accordingly.</p> <p>COMAH – we aim to have the revised COMAH Off-Site Plan for Backford PSD (CWaC) out for consultation in November 2013, bringing it back in line with statutory timescales.</p>
EPM3	Awareness of civil Protection arrangements in local areas	Chris Samuel	Overall	16.1%	N/A	25%	↑	Results taken from the Citizens' Panel Survey (summer 2013) in Cheshire East show that public awareness levels in regards to the safety actions to take in the event of a major emergency have risen from 14% in 2011-12 to 22% in 2013-14.
			CE	14.0%				
			CWAC	18.2%				
EPM4	Major Incidents/ Major Incident Standbys responded to by Duty Emergency Planning Officer within appropriate timescales.	Chris Samuel	Overall	100%	100%	100%	100%↑	Nine incidents since April 2013 (See above)
EPM5	Partner agencies overall satisfaction with councils support of LRF activities and projects	Chris Samuel		Not completed	Not completed	80%	---	Partners Survey – the team have been working with CWaC Research Officers to design a survey for sending to Local Resilience Forum partners. However, this task is not a priority and completion may slip due to the factors outlined at EPM2.

## A05 Occupational Health Unit

Overall Rating at Mid Year:

G

**Service Manager:** Eric Burt

The Occupational Health Unit (OHU) continues to supply occupational health services to Cheshire East (CE), Cheshire West and Chester (CWaC) and a number of external customers in both the public and private sector. The income from these contracts subsidises the contribution from both councils.

The Unit is hosted by Cheshire West and Chester Council and strategically managed by the Health and Safety Manager. Day to day management of the Unit is carried out by the Senior Occupational Health Adviser with support from an admin team led by an Admin Officer. The Unit has two main clinics; Goldsmith House in Chester and Westfields in Sandbach.

The Occupational Health Unit is currently working in partnership with Public Health colleagues in Cheshire East and Cheshire West and Chester to deliver a programme of vaccinations for front-line care workers and others identified in the Annual Flu Letter from Public Health England

**Mid-Year Budget Position** £33,000 under spent primarily due to vacancy management

## A05 Occupational Health Unit Shared Service Mid-Year Performance Update

Measure		Responsible Officer	2012-13 Actual	2013-14 Targets	2013-14 Half year	Comments on 2013-14 Performance
1.2	Customer liaison either face to face, e-mail or telephone is maintained.	Eric Burt / Cristiana Emsley		Customers are happy with the service and re-sign their annual contracts.	On target	Regular customer surveys carried out and outcome of complaints thoroughly investigated. All external contracts have been renewed except 1 small contract (Croftwood Care). The number of complaints has reduced over the past few months.
2.1	The OHU Admin Team is restructured and achieves a budget reduction	Cristiana Emsley		Reduction in spend on admin team by <b>£34,328 (2 FTE)</b>	Achieved	The Admin Team was restructured during the summer 2013 to achieve the savings. Three FTE admin staff have taken VR. Savings in this financial year are £33404
3.1	EOPAS is available to external customers	Eric Burt / ICT Project Officer		EOPAS fully operational by 31.03.15	Project preparation work outlined	EOPAS is operational and further development work is needed to move into phase 2 which could mean that the original target date of 1 <sup>st</sup> April 2015 may slip.
4.1	Operate clinics at Sandbach and Chester as well as customer clinics as required	Eric Burt / Cristiana Emsley		950	On target	There are approximately 9 OHA clinics in Sandbach each week and 1 OHP clinic. In Chester there are 8 OHA clinics each week and 1 OHP clinic. The total numbers of clinics run in Sandbach this (financial) year is 500 and Chester is 450.
5.1	Continual review of OHU policies and procedures to drive good practice and respond to national guidance	Eric Burt		Review all policies and procedures	On target	Current policies are being reviewed and new policies being developed
7.1	Reduce waiting times – % of appointments confirmed within 5 Working days	Eric Burt	Set baseline (not met)	100%	100%	
	Number of working days from referral to appointment		Set baseline (not met)	Within 10 working days	100%	
	Improve turn-around of reports to managers.		Set baseline (not met)	Reports issued within 48 WHrs of appointment	100%	
7.2	Maintain regular meetings with HR clients in each Council – quarterly meetings	Eric Burt		joint regular meetings	On target	Formal meetings take place quarterly with individual HR teams and more informal discussions take place on a regular basis with individual HR colleagues to discuss individual cases.
7.3	Support clients to improve HR policies and procedures regarding management of absence, grievance, discipline etc	Eric Burt		Improve the quality of reports.	On target	The quality of reports has improved and this is measured by feedback from managers and HR colleagues

## A06 - Archives and Local Studies

Overall Rating at Mid Year:

A

**Service Manager** - Paul Newman

Cheshire Archives and Local Studies (CALS) shared service is part of nation-wide network of statutory archive provision. The service is responsible for:

- Acting as the corporate memory for its parent bodies and their predecessors
- Collecting and providing access to a comprehensive range of original records and archives to reflect the development of the County of Cheshire and its communities
- Maintaining a comprehensive collection of local studies materials and ensuring the supply of appropriate materials to libraries across the County
- Promoting and developing interest in all aspects of the history of the County
- Providing advice and guidance on all aspects of record-keeping and local and family history

The service also provides core archive provision to Halton and Warrington Borough Councils under a single Service Level Agreement (SLA) that has been in place since Local Government re-organisation in 1998.

The service fulfils the statutory requirement for all Councils under the 1972 Local Government Act to make proper provision for the archives in their care

A major project to identify more suitable accommodation for the Cheshire Archive is currently underway.

### **Mid-Year Budget Position**

£37,000 overspent primarily due to outstanding CE contribution to the Feasibility Study (£25k) although the client has provided assurances that this funding is available. It is anticipated that Vacancy management and a potential increase in income from online genealogical resources should enable service to further mitigate this situation.



## A06 - Archives and Local Studies Mid-Year Performance Update

Measure		Responsible Officer	2011-12 Actual	2012-13 Actual	2013-14 Target	2013-14 Half Year	Comments on 2013-2014 Performance at Mid Year
M1/2	Delivery of Feasibility Study for alternative premises	Paul Newman	-	-	Nov 2013		The study is now due to be completed in March 2014. Stakeholder views will be invited on potential sites early in the New Year.
ALS-001	Retention of Customer Service Excellence (Charter Mark) standard	Lisa Greenhalgh	Achieved	Achieved	Maintain standard	N/A	It is anticipated that the Service will maintain the CSE standard when assessed in March 2014.
ALS-002	Rating achieved in the National Archives' self assessment exercise (ratings 1 to 4 stars)	Paul Newman	Scheme not yet running	-	Scheme timetable to be confirmed	N/A	This scheme has now been launched but it will not be assessed until summer 2015 at the earliest. CALS will not apply for accredited status until it has an indication of the direction any capital scheme is likely to take. The National Archives will expect that both authorities are taking steps to address the inadequate accommodation, which CALS is addressing through the feasibility study.
ALS-003	Level of customer satisfaction as measured in PSQG survey rated as good or very good	Paul Newman	96%	100%	95%+	N/A	The Service is undertaking 'distance enquiries' survey at the moment to measure customer satisfaction with that element of service; PSGQ survey due in Spring 2014.
ALS-004	Net expenditure per '000 population in CIPFA Archive service statistics (b)	Paul Newman	Lowest quartile	Lowest quartile	Lowest quartile	Lowest quartile	Cheshire now 42 <sup>nd</sup> out of 44 non-metropolitan archive services (previous figure was 35 <sup>th</sup> out of 39 – more archive services have responded to CIPFA survey this year).
ALS-005	SLA with Halton and Warrington Borough Councils	Paul Newman	Agreement maintained	As is	As is	As is	The funding basis for the SLA has been reviewed and a new model is in place. This should provide more stable basis for funding of service.
ALS - 006	Increase in use of online resources as measured in website visits	Paul Newman	150,865	200,000	200,000	207,000	Website visits exceeding target: 207,000 visits to website in 2013-14 already, against annual target of 200,000.

## A08 Libraries Shared Service

Overall Rating at mid Year:

A

### Service Manager Sue Eddison

Libraries Shared Services provides support and specialist services to libraries and customers in Cheshire East and Cheshire West and Chester Libraries. It also provides resources and expertise to support the curriculum needs of schools and pupils, which subscribe to the Education Library Service. Its aim is to provide a cost-effective and efficient service for the clients and drive and support innovations in the service.

There are a total of 36.59 FTE members of staff and a budget of £774,528 with two premises at Hartford Way, Chester and ELS at Browning Way, Winsford, two delivery vans at Hartford Way and two mobiles and two delivery vans at ELS

All the performance indicators are on target, apart from LSS BC4 regarding ELS buyback which has dropped again. There has been a slight drop in CWAC but more significantly we have lost ten schools in CE, despite having kept the price at a competitive rate and offered a reduced rate for small schools. Buyback in Halton has been sustained but has dropped in Warrington. We will adjust the expenditure budget accordingly.

ELS has just introduced a new service to nursery and pre-school settings and will be marketing the service to schools in the Trafford area (which doesn't have a school library service) and Stockport (whose service is closing at the end of December).

### Mid-Year Budget position

£33,000 overspent due to un- budgeted redundancy costs some of which is subject to negotiations with another service. The potential overspend will be further mitigated via vacancy management measures.

### Key Indicators

The Libraries Shared Services performance management framework (PMF) has been radically revised to provide a smaller but more appropriate range of measures to enable increased frequency of reporting to the Joint Officer Board and Members. Owing to the review of the PMF the amount of comparative data is limited although it is anticipated that this will improve as the framework matures.

## A08 Libraries Shared Service Mid-Year Performance Update

Measure		Responsible Officer	Split	2011-12 Actual	2012-13 Actual	2013-14 Target	2013-14 Half Year	Comments on 2013-14 Performance at Mid-Year
NI72 & 92	Linked to delivery of Early Years Foundation Stage – gifting of Bookstart packs as a percentage of the target group	Sandra Evans	Overall	96.5%	98%	97.5%		On target
			CE	97%	98.35	97.5%		
			CWAC	96%	97.65	97.5%		
LSS BC	Staffing Levels	Sue Eddison	Overall	46.15	38.5 FTE	37 FTE		On target
LSS BC4	ELS Growth of client base	Sue Eddison	Overall	8% decrease 314 287 6% decrease 50	2% decrease in primary and special schools. 2% increase in secondary schools	1% increase in primary and special schools		ELS buyback which has dropped again. There has been a slight drop in CWAC but more significantly we have lost ten schools in CE, despite having kept the price at a competitive rate and offered a reduced rate for small schools. Buyback in Halton has been sustained but has dropped in Warrington. We will adjust the expenditure budget accordingly.
<b>NEW</b>	Delivery of new stock – time from new stock arriving from supplier to being despatched to libraries	Lexa Farthing	Overall			5 working days		On target
<b>NEW</b>	Stock orders from libraries submitted to supplier	Lexa Farthing	Overall			3 working days		On target
<b>NEW</b>	Interlending response times – item request placed and response sent to library	Lexa Farthing	Overall			5 working days		On target
<b>NEW</b>	Local ENQUIRE service – number of questions answered	Sue Eddison	Overall		6.9%	2% increase – 2957 questions answered		On target

## A14 Rural Touring Arts Network

Overall Rating at Mid Year:

**G**

Cheshire's rural touring Arts provides a programme of high quality professional arts activities and events for rural areas in Cheshire in partnership with the communities of the villages involved. Delivery against the current plan is on target.

**Mid-Year Budget Position** Budget is balanced.

Measure		Responsible Officer	2011-12 Actual	2012-13 Actual	2013-14 Target	2013-14 Half year	Comments on 2013-2014 Performance at Mid Year
RTA1 NEW	Maintain quarterly meetings with Client Managers	Jen Henry / Claire smith	N/A	N/A	8	On target	Up to date and future meetings planned
RTA2 NEW	Maintain quarterly meetings with Cheshire Lancashire Partnership	Jen Henry / Claire smith	N/A	N/A	4	On target	Up to date and future meetings planned
RTA3	% of audience rating performance as good or excellent	Jen Henry / Claire smith	93%	97%	94%	94%	Maintained
RTA4 NEW	Number of youth venues identified and supported	Jen Henry / Claire smith	N/A	N/A	2	2	2 youth venues are on the CRTA (Action Transport Theatre and Dunham on the Hill youth club)
RTA5 NEW	Number of venues maintained	Jen Henry / Claire smith	N/A	N/A	25	26	Currently 26 permanent venues on the network
RTA6 NEW	Number of Promoter meetings held p.a.	Jen Henry / Claire smith	N/A	N/A	1 promoters Day plus 4 menu meetings p.a	On target	All meetings up to date and future meetings planned. Good attendance at all.
RTA7 NEW	Liaison with PANDA maintained	Jen Henry / Claire smith	N/A	N/A	Attend at least 2 meetings pa	On target	Current PANDA project on track and planning for 2014 delivery
RTA8 NEW	Increase Facebook and Twitter activity and usage to promote events	Jen Henry / Claire smith	N/A	N/A	2% increase on previous year	On target	Increased social media usage
RTA9 NEW	Build a new RTA Website to promote events	Jen Henry / Claire smith	N/A	N/A	Website Built		Current website up to date. Exploring future options for website development
RTA10 NEW	Audience Feedback collated to inform future programmes	Jen Henry / Claire smith	N/A	N/A	2 p.a.		Audience feedback collated each season
RTA11 NEW	Annual Report issued	Jen Henry / Claire smith	N/A	N/A	March / April 14		Annual report for 13/14 to be completed at end of year (March/April 14)

## ARCHAEOLOGY

Overall Rating at Mid Year:

G

The Archaeology Planning Advisory Service (APAS) is a sub-regional service which provides advice on the archaeological implications of development for Cheshire West and Chester (CWAC) Cheshire East (CE), Warrington and Halton Borough Councils. The service operates as a shared service between CWAC and CE, and provides services to Halton and Warrington via service level agreements. The service to Halton also includes the provision of advice on the implications of development on the built historic environment. The service is hosted by CWAC.

Service Manager: Jill Collens

**Mid-Year Budget Position** Budget is balanced.

Measure		Responsibility	2011-12 Actual	2012-13 Actual	2013-14 Target	2013-14 Half Year	Comments on 2013-14 Performance at Mid year
ARC H001	% of number of records reviewed in the Cheshire Historic Environment Record per annum	Jill Collens	31%	30%	5%	11% ↔	This figure is still being influenced by the work of externally-funded project staff working on the records for Chester City, which skews the figures for normal operational work.
ARC H002	% of general enquiries to the Cheshire Historic Environment Record responded to within 15 working days	Jill Collens	98.5%	96%	90%	98% Æ	
ARC H003	% of Farm Environment plan enquiries to the Cheshire Historic Environment Record responded to within 20 working days, according to agreed national service standard	Jill Collens	100%	96%	100%	100% ↔	
ARC H004	% of archaeological development control advice provided within 21 working days.	Jill Collens	100%	100%	100%	100% ↔	During 2013-14 half year, 532 planning applications were checked for archaeological implications (10% of total) and comments provided on 95.

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Shared Service	Host	Mid Year Review Position 2013-14			Total Budget	Total Variance	U / O	East		Budget	Variance	U / O		West		Budget	Variance	U / O	
		EAST	WEST	Total				Share of projected	Share of Projected										
		Actuals*	Actuals	Projected net cost				net cost	net cost										
		£	£	£	£	£		£	%	£	£		East Mid Year Review Explanation	£	%	£	£		West Mid Year Review Explanation
HR & Finance	CWAC	940,890	979,293	2,901,957	2,881,806	20,151	O	1,421,959	49%	1,407,825	14,134	O	The HRF Shared Service is reporting a forecasted overspend of £14k. This overspend assumes that the cost of projects will be fully recovered by the income received to undertake the projects. The £14k overspend relates to a £87k underspend against pay (after project income has been deducted) plus estimated additional income of £27k. This has been offset by £128k forecasted overspend in supplies and services.	1,479,998	51%	1,473,890	6,108	O	The HRF Shared Service is reporting a forecasted overspend of £6k. This overspend assumes that the cost of projects will be fully recovered by the income received to undertake the projects. The £6k overspend relates to a £79k underspend against pay (after project income has been deducted) plus £24k underspend in supplies and services. This has been offset by £109k forecasted un-achievement of income against budget.
ICT	CWAC	3,662,926	3,662,926	7,675,642	7,697,661	-22,019	U	3,823,821	-	3,754,836	68,985	O	The ICT Shared Service is reporting a forecasted overspend of £69k. This overspend assumes that the cost of project work (that was reported as an overspend at the end of quarter one) will be fully recovered by the income received to undertake the projects. The £69k overspend relates to a £62k underspend against pay (after project income has been deducted) plus a £22k underspend for Kelly House due to reduction in security contract costs, an anticipated £20k reduction in transport costs and a £8k underspend against professional fees and subscriptions. This has been offset by £98k forecasted overspend due to additional third party contract costs, £8k forecasted overspend in other general expenditure and estimated £75k reduction in estimated income from schools.	3,851,821	-	3,942,825	-91,004	U	The ICT Shared Service is reporting a forecasted underspend of £91k. This underspend assumes that the cost of project work (that was reported as an overspend at the end of quarter one) will be fully recovered by the income received to undertake the projects. The £91k underspend relates to a £62k underspend against pay (after project income has been deducted) plus a £22k underspend for Kelly House due to reduction in security contract costs, an anticipated £20k reduction in transport costs, a £62k underspend against third party contracts and a £8k underspend against professional fees and subscriptions. This has been offset by £8k forecasted overspend in other general expenditure and estimated £75k reduction in estimated income from schools.
Farms Estate	CE	-668,902	34,677	-764,492	-514,259	-250,233	U	-417,977	55%	-241,170	-176,807	U	Lower maintenance costs have resulted in favourable forecast	-346,515	45%	-273,089	-73,426	U	Lower maintenance costs have resulted in favourable forecast
Civil Protection (Emergency Planning)	CWAC	76,277	98,297	299,328	303,507	-4,179	U	149,664	50%	151,185	-1,521	U	There is currently a vacancy within the structure that has not yet been appointed to.	149,664	50%	152,322	-2,658	U	There is currently a vacancy within the structure that has not yet been appointed to.
Occupational Health	CWAC	17,301	151,520	155,626	188,183	-32,557	U	77,813	50%	95,926	-18,113	U	Vacancy management, netted off by the cost of a number of voluntary redundancies to meet policy options	77,813	50%	92,257	-14,444	U	Vacancy management, netted off by the cost of a number of voluntary redundancies to meet policy options
Archives	CWAC	101,907	65,098	443,287	406,287	37,000	O	237,918	50%	200,918	37,000	O	Reported pressure of £37k regarding the CEC share of a Feasibility Study (£25k) and a variance due to historical budget differences (£12k)	205,369	50%	205,369	0	O	No anticipated variances at this stage
Libraries	CWAC	192,116	438,874	802,597	769,833	32,764	O	393,770	50%	384,116	9,654	O	West VR costs from previous financial year not factored into East fixed contribution	408,827	50%	385,717	23,110	O	West reported pressure relating to a redundancy settlement
Rural Touring Network	CWAC	0	-15,426	24,960	24,960	0	O	12,480	-	12,480	0	O	East pay a fixed contribution to West and do not incur any additional costs	12,480	-	12,480	0	O	Balanced budget is forecast
Archaeology Planning and Advisory	CWAC	96,925	20,001	227,142	227,142	0	O	96,925	41%	96,925	0	O	A balanced budget is forecast, East pay a fixed contribution to West and do not incur any additional costs	130,217	59%	130,217	0	O	A balanced budget is forecast,
TOTAL		4,419,440	5,435,260	11,766,047	11,985,120	-219,073	U	5,796,373		5,863,041	-66,668	U		5,969,674		6,121,988	-152,314	U	

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# Joint Officer Board - Shared Services Strategic Risk Register - Top 5 Risks (Reviewed September 2013)

## Appendix 3

Objective	Risk No	Risk / Opportunity	Gross (without any controls)				Net (as it is now)			Direction	Future Actions	Forecast			Comments
			Likelihood	Impact	Total Risk Score		Likelihood	Impact	Total Risk Score			Likelihood	Impact	Total Risk Score	
Maintain and develop long term sharing arrangements between CE and CWAC Councils to ensure that quality of services is maintained to the required standards	6	Insufficient dedicated "operational" management oversight of shared service arrangements and overstretched capacity of existing resource leading to reduced capacity to drive change resulting in inability to promote existing arrangements and facilitate developments.	3	4	12	Approximately 0.5 FTE working on regular shared services but additional resource brought in to deliver SLE project. This includes full time Programme Manager and Project Support Officer. SLE Managing Director appointed to set up company. Joint SRO and individual workstream lead identified and operational. Communications resource appointed.	2	4	8	↓		2	4	8	Dedicated resource has been increased to the SLE project but some of this is being diverted into other areas e.g. Wirral on-boarding which could compromise delivery of the company by April 2014. General support to maintaining Shared Services governance is becoming increasingly stretched. At the mid year point it is evident that in some areas service delivery is suffering due to capacity issues (Emergency Planning, ICT)
	9	Lack of shared strategic direction <b>leading to</b> a lack of clarity around shared goals <b>resulting in</b> confusion and a breakdown in trust and shared arrangements.	3	4	12	Arrangements underpinned by Administrative and Financial Agreements including clear objectives for sharing. Regular discussion at JOB and Joint Committee concerning development of shared services particular transition of HR and Finance to SLE. Executive Board involving chair and vice chair of joint Committee in place and Project Board both operational. Governance reviewed for remaining shared service arrangements (June 2013)	2	4	8	↔	Development of the SLE underway. Potential additional partner engaged. However the councils' plans to move to alternative delivery models could potentially compromising the business case for the SLE. It is anticipated that an incubation agreement can be put in place to enable the SLE to develop its commercial potential. Further joint officer / member workshops are to be held to work through such issues and to ensure that impact on the SLE is managed.	2	4	8	Joint workshops taking pace in November 13.

Objective	Risk No	Risk / Opportunity	Gross (without any controls)				Net (as it is now)			Direction	Future Actions	Forecast			Comments
			Likelihood	Impact	Total Risk Score		Likelihood	Impact	Total Risk Score			Likelihood	Impact	Total Risk Score	
	10	External / National Budget cuts <b>leading to</b> Shared Services needing to make further budget cuts <b>resulting in</b> reduction in service delivery and reducing viability of sharing arrangements .	4	4	16	Continued uncertainty about government funding beyond 2014. Annual Budget challenge process introduced to inform future plans but some difficulties in delivering identified savings due to changing priorities. Opportunities for efficiencies diminishing increasing the risk of service cut.	4	4	16	↔	Ongoing quarterly monitoring of shared service budgets. The SLE has the potential to deliver greater efficiencies but its ability to trade is currently limited (10% Teckel exemption).	3	4	12	This situation is likely to lead to the development of sharing arrangements and alternative delivery models across the public sector both of which could potentially threaten the future viability of Cheshire's SLE. However there is also an opportunity for expanding Cheshire's sharing arrangements on the basis that these could provide further efficiencies to partner organisations.
	11	Failure to deliver projected savings from Shared Services <b>leading to</b> an overspend against budget <b>resulting in</b> an inability to deliver key services and undermining confidence in sharing arrangements.	4	3	12	Service planning and regular financial performance monitoring in place. 2012-13 outturn position was much improved with a significant aggregated underspend against budget (£933k). The 2013-14 mid year review suggests that this trend is continuing.	4	3	12	↔	Promising prospects of bringing in additional partner to the SLE. Developing commercialisation of the SLE. Developing Incubation Strategy to retain existing clients moving to alternative delivery models	3	3	9	Whilst recent monitoring reports suggest that the financial position across the shared services has improved but there are still areas of concern that need to be addressed e.g. reduced uptake of LSS services by schools.
	13	Failure to implement the new ICT SS Target Operating Model leading an adverse impact on service delivery to clients, reputational damage and reduced staff morale within the shared service	3	4	12	Target Operating model largely in place and Supply Partner appointed. Managing Director recruited.	2	3	6	↓	Further work will be required to develop culture and build confidence that the ICT SS can deliver and to make it the provider of choice for existing and future client base.	2	3	6	The Councils' Incubation policies will be crucial to maintaining existing customer base

# **CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL**

## **SHARED SERVICES JOINT COMMITTEE**

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<b>Date of Meeting:</b>	29 November 2013
<b>Report of:</b>	Cheshire East – Chief Operating Officer Cheshire West & Chester – Director of Resources
<b>Subject/Title:</b>	Governance arrangements – CoSocius Limited

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### **1.0 Report Summary**

This report outlines the proposed arrangements matters for the governance of CoSocius Limited, its relationship with the Councils and the relationship between Cheshire East and Cheshire West and Chester Councils.

### **2.0 Recommendations.**

#### **2.1 To approve the following;**

- (a) Draft articles of association for CoSocius Limited as set out in Appendix 1;
- (b) Decisions reserved to the Councils as shareholders as set out in Appendix 2;
- (c) Proposals for the establishment of and composition and terms of reference for the shareholder board as set out in paragraph 10.6 and Appendix 3 ; and
- (d) Heads of terms for the shareholder agreement, contract for services, working capital facility and support services set out in Appendix 4;

#### **2.2 To authorise the S.151 officers within each Council to make minor changes in consultation with their respective monitoring officers.**

### **3.0 Reasons for Recommendations**

#### **3.1 To enable the Councils to progress the establishment of arrangements for the operation of CoSocius Limited and the apportionment of responsibilities between the Councils and the company.**

### **4.0 Wards Affected**

#### **4.1 This report relates to Shared Services that operate across both Cheshire East and Cheshire West and Chester so all wards are affected in both Councils.**

## **5.0 Local Ward Members**

- 5.1 This report relates to Shared Services that operate across both CE and CWAC so all wards are affected in both Councils.

## **6.0 Policy Implications including**

- 6.1 None.

## **7.0 Financial Implications**

- 7.1 There are no direct financial implications arising from this report.

## **8.0 Legal Implications**

- 8.1 The legal implications are set out in the body of this report.

## **9.0 Risks**

- 9.1 Failure to properly document the governance arrangements for delivery of shared services through a company structure will leave both Councils and the Company exposed to risk due to uncertainty. Lack of appropriate governance has been identified by the Audit Commission as a key factor in the failure of partnership working and so is an essential component of this transaction.

## **10.0 Background**

### **10.1 Status of CoSocius Limited**

CoSocius was established as a company limited by shares in September 2013. As a company it is a legal entity, capable of making its own decisions. It can enter into contracts, employ staff, own property and bring court proceedings in its own name. The company currently has two directors, Chris Mann (CEC) and Mark Wynn (CWAC).

### **10.2 The company's constitution**

The following make up the company's constitution;

- The company's articles; and
- Decisions which affect the articles which have to be filed at Companies House, for example a special resolution recording a change of name.

The documents, once registered with Companies House, are available to the public and will be supplemented by the policies and procedures making up the company's internal governance arrangements such as financial schemes of delegation and contract procedure rules.

The company's Articles govern the management and administration of the company. There is no specific format required and Articles can be adapted to suit the company's needs. The current Articles are based on model articles set out in legislation and now require amendment to adapt them to suit the company's and Councils requirements. The draft revised Articles are attached

as **Appendix 1** and incorporate the principles agreed by the Executive Board in July 2013.

The articles can normally be changed by special resolution which requires a 75% majority vote by shareholders and so are not cast in stone. Both Councils would therefore need to agree changes being made.

The Articles are a contract between the company and the shareholders and also between CEC and CWAC as shareholders. The Articles bind the shareholders and it can also rely on them to protect its rights as a shareholder.

If the terms of the Articles are breached, one or more shareholders can take action to enforce them but only where its rights as shareholder are affected.

If approved, the revised Articles will form the basis of discussions with the company and its legal advisers, to be appointed early in 2014.

### 10.3 **Management of the company**

The management structure of CoSocius Ltd will be made up of

- The shareholders (CEC and CWAC)
- The Board of directors (the Board); and
- The company's officers (the company's internal management team)

Directors will manage the day to day business of the company and their remit is set out in the Articles. They will operate through the Board and the Board may in turn assign management responsibilities to individuals who are not on the Board.

Director's duties are set out in the Companies Act 2006 and are owed to the company for the benefit of the shareholders as a whole. It is not therefore a "them and us" situation. The only exception to this is where there is an insolvency situation where directors have a duty to mitigate losses to creditors. The proposed structure for the board of directors is set out in a separate report.

### 10.4 **Role of shareholders**

Shareholders retain ultimate control over the company. As shareholders each Councils liability is limited to the amount of its investment in the Company. Whilst the Councils will be keen to protect their investment, there is a clear division of roles between that of director and that of shareholder. The extent to which the Councils will involve themselves in the management of the company depends on what is provided in the Articles and the Shareholder Agreement.

As a Teckal company the degree of control exercised by shareholders will be more than that in a traditional commercial company – see 10.5 below.

In addition, the shareholders for CoSocius Ltd are local authorities and so are ultimately held to account by elected members and local taxpayers, have a fiduciary duty to ensure the company delivers value for money and that its governance arrangements demonstrate transparency and accountability.

## 10.5 Shareholder control

To operate the CoSocius Ltd as a Teckal company the Councils must as a minimum jointly have “a power of decisive influence over both strategic objectives and significant decisions” of the Company. In addition, the Councils will wish to consider the implications of certain Company activities and shareholder decisions for the Councils' commissioning strategies and general approach to externalisation.

A key way in which the Councils will be able to control the Company is through a list of decisions that the Board of directors must refer to the Councils as shareholders ("**Reserved Decisions**"). Reserved Decisions will only be passed if both Councils vote in favour. The Reserved Decisions will be listed in the shareholders' agreement entered into by the Councils and the Company. A draft Reserved Decision list is attached as **Appendix 2**. Appendix 2 also indicates which of these Decisions is required as a minimum to meet Teckal requirements – and so are a given – and which ones are flexible, together with the rationale for including them.

By way of an example, the appointment and removal of directors and approval of the annual business plan are seen as key controls to comply with Teckal. Pension arrangements are not but the Councils will want to consider the potential financial impact on the Fund of closing access to the LGPS and require the company to defer such a decision to them.

Subject to meeting Teckal requirements, the nature and extent of Reserved Decisions are at the discretion of the Councils who will wish to strike a balance between control and allowing the company sufficient freedom to develop as a commercial entity capable of standing on its own feet.

As the company grows the Councils have the option to reduce the level of control exercised via Reserved Decisions.

## 10.6 Shareholder decision making

Formal decisions on Reserved Decisions will be made at general meetings of the company, attended by a representative of each shareholder Council, who is authorised to vote on behalf of their appointing Council.

Each Council will need to agree how to authorise its representative and how this will operate in practice within their respective constitutional arrangements, with arrangements for a deputy.

Both shareholder Councils must agree Reserved Decisions for a decision to be valid. If they are unable to do so, the deadlock provisions in the Shareholder Agreement will apply. It is in the interests of all parties that the Councils reach a consensus on Reserved Decisions. To help achieve this it is proposed that a shareholder board, comprising the authorised representatives and supported by officers and members is established as a forum to discuss and agree Reserved Decisions.

It is proposed that the Shareholder Board has a wider remit to protect the interests of each Council shareholder by keeping an oversight of the performance of the Company, receiving specified reports and monitoring information and considering the wider impact of decisions regarding the Company – for example on other SLE's established by the Councils and its strategic objectives. This is a separate function to the day to day commissioning of services and contract management.

The authorised representative will have a pivotal role as decision maker on behalf of each Council and it is proposed that this should be an Executive/Cabinet member. It is proposed that advice and support to the authorised representative is provided by the following as part of the Shareholder Board. The Board will meet on a regular basis and the composition and terms of reference will be reviewed after 12 months.

#### **Shareholder Board membership**

- Joint Committee members
- S.151 officers for CEC and CWAC
- Heads of Finance for CEC and CWAC
- Monitoring Officer for CEC and CWAC

Draft terms of reference for the Shareholder Board are attached as **Appendix 3**.

### **10.7 Shareholder Agreement**

Part of the legal documentation to transfer services to CoSocius Ltd will include a Shareholder Agreement, which can deal with additional shareholder rights. The Shareholder Agreement is at its most basic a contract, to which CoSocius, CEC and CWAC will be a party. Whereas the Articles are a public document, a shareholder agreement is private. Changes to a shareholder agreement can be agreed by consent and more easily than changes to the Articles. The agreement can be enforced by those who are a party to it.

The shareholder agreement manages the relationship between the councils and the company and would include deadlock provisions where the parties are unable to reach agreement. However, issues relating to service delivery – price, payment, insurance, service levels etc would be covered by the contract for services, which is a separate legal document.

Key principles for the shareholder agreement are set out in the Heads of Terms paper at Appendix 4 – see paragraph 10.10 below.

### **10.8 Decisions making by directors**

Directors are responsible for the day to day management of the company and operate through the Board by passing board resolutions. Resolutions may be passed at Board meetings or by following a written resolution procedure without a meeting. The Board has wide powers to act and can take any decisions necessary except in relation to those matters which are reserved to the shareholders in the Shareholder Agreement. Certain other decisions are reserved to the shareholder by law (for example a change of company name).

The Board has the power to delegate any of its powers. This can be to an individual or a committee and on such terms and conditions as the Board decide. The Company will set out its day to day schemes of delegation in writing and they will form part of its corporate governance structure.

Corporate governance of the company as whole will be a key issue for the Councils and particularly S.151 officers, who will expect to see schemes of delegation, financial procedure rules and key policies in place before “go-live” as a demonstration of accountability and proper processes and procedures. An outline of the key processes and procedures which the Councils would expect to form part of the Company’s internal governance is included as **Appendix 5**.

## 10.9 Additional partners

If the Councils decide to accept a new partner as shareholder, the Articles will continue to apply to the management and administration of the company with such adaptations as necessary.

A new shareholder could either be “bolted on” to the existing shareholder agreement or the parties could negotiate new terms. The Councils would want to consider issues such as whether a new partner would be admitted as an equal partner so that each has a 1/3 interest in the company and what decisions would require unanimity. Further consideration will be given to these issues as part of the detailed drafting of the Shareholder Agreement.

## 10.10 Heads of terms

In July 2013, the Shared Services Programme Board held a workshop facilitated by Bevan Brittan to discuss the overarching principles of the “deal” between the Councils to establish CoSocius Ltd. This resulted in the paper attached as **Appendix 4** which sets out high level terms for the contract for services and shareholder agreement, the principle of working capital and support services.

Key points to note;

- 5 year contract - unilateral option to break at 3 years and to extend for up to 10 years
- Exclusivity for routine transactions
- Minimum level of development work guaranteed
- First refusal above this level
- Charging based on cost recovery during year 1, moving to a commercial charging model
- Annual business plan review including services and payments
- Unforeseen costs/liabilities to be shared 50/50
- Retention of assets

Approval of these high level terms at this stage will facilitate the detailed work on the legal documentation.



## 11 Conclusion

- 11.1 Approval of the documentation outlined in this report is a major milestone in developing the structure for CoSocius limited, the future relationship between the Councils and their dealings with the company.

## 12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writers:

Officer: Peter Bates, Chief Operating Officer – Cheshire East Council / Julie Gill, Director of Resources – Cheshire West & Chester Council  
Tel No: 01270 686013 / 01244 977830

Email: [peter.bates@cheshireeast.gov.uk](mailto:peter.bates@cheshireeast.gov.uk)

[Julie.gill@cheshirewestandchester.gov.uk](mailto:Julie.gill@cheshirewestandchester.gov.uk)

### **Background Documents:**

*Cheshire East Cabinet Report – Shared Services – 7<sup>th</sup> October 2008*  
*Cheshire West and Chester Executive Report – Joint Liaison Committee Recommendations: Caretaker and Nominated Councils; Shared Services: Service Delivery Option; Shared Back Office Services – 15<sup>th</sup> October 2009*  
*Cheshire East Cabinet Report – Shared Services – 3<sup>rd</sup> March 2009*  
*Cheshire West and Chester Executive Report – Shared Services – 18<sup>th</sup> March 2009*  
*Cheshire East Cabinet Report – Shared Services – 23<sup>rd</sup> March 2009*  
*Cheshire Shared Services Joint Committee Report – 10<sup>th</sup> June 2009*  
*Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> July 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> October 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> February 2010*  
*Cheshire Shared Services Joint Committee Report – 12<sup>th</sup> March 2010*  
*Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> March 2010*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> May 2010*  
*Cheshire Shared Services Joint Committee Report – 16<sup>th</sup> July 2010*  
*Cheshire Shared Services Joint Committee Report – 17 September 2010*  
*Cheshire Shared Services Joint Committee Report – 29 October 2010*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2010*  
*Cheshire Shared Services Joint Committee Report – 7<sup>th</sup> January 2011*  
*Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> February 2011*  
*Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> March 2011*  
*Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> July 2011*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2011*  
*Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> November 2011*  
*Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> January 2012*  
*Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> May 2012*  
*Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> June 2012*  
*Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> July 2012*  
*Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> August 2012*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> September 2012*

*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> November 2012*  
*Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> February 2013*  
*Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> March 2013*  
*Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> March 2013*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> April 2013*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> June 2013*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> July 2013*  
*Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> September 2013*

*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*

**APPENDIX 1**

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**COSOCIUS LIMITED**

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## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### 1 Defined terms

1.1 In the Articles, unless the context requires otherwise:

**"Act"** means the Companies Act 2006 and any provisions of the Companies Act 1985 for the time being in force;

**"Articles"** means the Company's Articles of association;

**"Bankruptcy"** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

**"Board"** means the Board of Directors of the Company;

**"Chair"** has the meaning given in article 12;

**"Chair of the meeting"** has the meaning given in article 12;

**"Clear Days"** in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

**"Company"** means the company governed by these Articles;

**"Conflict"** has the meaning given in article 15;

**"Councils"** means Cheshire West and Chester Council and Cheshire East Council and their statutory successors;

**"Director"** means a Director of the Company, and includes any person occupying the position of Director, by whatever name called;

**"Distribution Recipient"** has the meaning given in article 34.2;

**"Document"** includes, unless otherwise specified, any Document sent or supplied in Electronic Form;

**"Electronic Form"** has the meaning given in section 1168 of the Companies Act 2006;

**"Fully Paid"** in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

**"Group Company"** means, in relation to a company, a Subsidiary undertaking or parent undertaking of the Company or a Subsidiary undertaking of any parent undertaking of the Company, provided that the definition of "undertaking" in section 1161 of the Companies Act 2006 shall for these purposes also include any person (incorporated or unincorporated) created by statute;

**"Hard Copy Form"** has the meaning given in section 1168 of the Companies Act 2006;

**"Instrument"** means a Document in Hard Copy Form;

**"Non-Executive Director"** has the meaning set out in article 20.2.2;

**"Ordinary Resolution"** has the meaning given in section 282 of the Companies Act 2006;

**"Participate"**, in relation to a Directors' meeting, has the meaning given in article 10;

"**Permitted Situation**" has the meaning given in article 15.5;

"**Qualifying Person**" means:

- a) an individual who is a shareholder;
- b) a person authorised under section 323 of the Companies Act 2006 (*representation of corporations at meetings*) to act as the representative of a corporation in relation to the meeting; or
- c) a person appointed as proxy of a shareholder in relation to the meeting;

"**Relevant Director**" has the meaning given in article 15.1;

"**Secretary**" means the secretary of the Company appointed in accordance with Article 19;

"**Special Resolution**" has the meaning given in section 283 of the Companies Act 2006;

"**Subsidiary**" has the meaning given in section 1159 of the Companies Act 2006; and

"**Writing**" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.

- 1.2 The Articles constituting Schedule 1 to the Companies (Model Articles) Regulations 2008 ('Schedule 1') shall apply to the Company except in so far as they are excluded or varied by these Articles
- 1.3 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company.
- 1.4 References to a "**person**" shall be construed so as to include any individual, firm, corporation, government, state or agency of a state or any joint venture, trust, association or partnership (whether or not having separate legal personality).

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS' POWERS AND RESPONSIBILITIES**

##### **2 Directors' general authority**

- 2.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

##### **3 Shareholders' reserve power**

- 3.1 The shareholders may, by Special Resolution, direct the Directors to take, or refrain from taking, specified action.
- 3.2 No such Special Resolution invalidates anything which the Directors have done before the passing of the resolution.



**4 Directors may delegate**

- 4.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:
- 4.1.1 to such person or committee;
  - 4.1.2 by such means (including by power of attorney);
  - 4.1.3 to such an extent;
  - 4.1.4 in relation to such matters or territories; and
  - 4.1.5 on such terms and conditions;
- as they decide.
- 4.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 4.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

**5 Alternate directors**

- 5.1 Subject to article 5.2, any Director (other than a Non-Executive Director) may appoint as an alternate any other person to:
- 5.1.1 exercise that Director's powers; and
  - 5.1.2 carry out that Director's responsibilities
- in relation to the taking of decisions by the Board, in the absence of the alternate's appointor.
- 5.2 The appointment of any alternate Director under this article 5 shall be subject to the prior approval of the shareholders.
- 5.3 Any appointment or removal of an alternate must identify the proposed alternate and be effected by notice in Writing to the Company signed by his appointor, or in any other manner approved by the Board.
- 5.4 An alternate Director may act as alternate Director to more than one Director and has the same rights in relation to any decision of the Board as his appointor.
- 5.5 Except as these Articles specify otherwise, alternate Directors:
- 5.5.1 are deemed for all purposes to be Directors;
  - 5.5.2 are liable for their own acts and omissions;
  - 5.5.3 are subject to the same restrictions as their appointors;
  - 5.5.4 are not deemed to be agents of or for their appointors; and

- 5.5.5 and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Board and of all meetings of committees of the Board of which his appointor is a member.
- 5.6 A person who is an alternate Director but not a Director:
  - 5.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
  - 5.6.2 may participate in a unanimous decision of the Directors (but only if his appointor is an eligible Director in relation to that decision, but does not participate); and
  - 5.6.3 shall not be counted as more than one director for the purposes of Articles 5.6.1 and 5.6.2.
- 5.7 A Director who is also an alternate Director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Board (provided that his appointor is an eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 5.8 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director.
- 5.9 An alternate Director's appointment as an alternate terminates:
  - 5.9.1 when the alternate's appointor revokes the appointment by notice to the Company in Writing specifying when it is to terminate;
  - 5.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
  - 5.9.3 on the death of the alternate's appointor;
  - 5.9.4 when the alternate's appointor's appointment as a Director terminates; or
  - 5.9.5 when the alternate is removed in accordance with these Articles.

## **6 Committees**

- 6.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 6.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

## **DECISION-MAKING BY DIRECTORS**

### **7 Directors to take decisions collectively**

- 7.1 Subject to article 13, each Director shall have one (1) vote.

- 7.2 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken accordance with article 8.
- 7.3 If only one (1) Director is eligible to vote on any authorisation required under article 15, the general rule does not apply, and the eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in the Articles relating to Directors' decision-making.

## **8 Unanimous decisions**

- 8.1 A decision of the Directors is taken in accordance with this article when all eligible Directors indicate to each other by any means that they share a common view on a matter.
- 8.2 Such a decision may take the form of a resolution in Writing, copies of which have been signed by each eligible Director or to which each eligible Director has otherwise indicated agreement in Writing.
- 8.3 References in this article to eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.
- 8.4 A decision may not be taken in accordance with this article if the eligible Directors would not have formed a quorum at such a meeting.

## **9 Calling a Directors' meeting**

- 9.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors under article 9.2 or by authorising the Secretary to give such notice.
- 9.2 A Directors' meeting must be called by at least seven (7) Clear Days' notice unless either:
- 9.2.1 the Directors unanimously agree; or
  - 9.2.2 urgent circumstances require shorter notice.
- 9.3 Notice of any Directors' meeting must indicate:
- 9.3.1 its proposed date and time;
  - 9.3.2 where it is to take place;
  - 9.3.3 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting;
  - 9.3.4 an agenda specifying in reasonable detail the matters to be raised at the meeting or the committee meeting; and
  - 9.3.5 copies of any papers to be discussed at the meeting or the committee meeting.
- 9.4 Notice of a Directors' meeting must be given to each Director in Writing.

- 9.5 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven (7) days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **10 Participation in Directors' meetings**

- 10.1 Subject to the Articles, Directors Participate in a Directors' meeting, or part of a Directors' meeting, when:
- 10.1.1 the meeting has been called and takes place in accordance with the Articles, and
  - 10.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 10.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 10.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## **11 Quorum for Directors' meetings**

- 11.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 11.2 Subject always to articles 7 and 11.3, the quorum for the Directors' meetings shall be fifty percent (50%) of Directors which shall include at least one Executive Director.
- 11.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision to:
- 11.3.1 to call a general meeting so as to enable the shareholders to appoint further Directors.
- 11.4 If a quorum is not present with half an hour from the time appointed for the meeting or during a meeting a quorum ceases to be present the meeting shall be adjourned to such time and place as the Directors may determine in accordance with these articles.

## **12 Chairing of Directors' meetings**

- 12.1 The shareholders may appoint a Director to chair Board meetings.
- 12.2 The person so appointed for the time being is known as the "**Chair**".
- 12.3 The shareholders may terminate the Chair's appointment at any time.
- 12.4 If the Chair is not participating in a Directors' meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

**13 Casting vote**

- 13.1 If the numbers of votes for and against a proposal are equal, the Chair shall have a casting vote.

**14 Conflicts of interest – transactions or arrangements with the Company**

- 14.1 The relevant provisions of the Act (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.

- 14.2 Provided that he has disclosed to the Directors the nature and extent of any interest of his in accordance with and to the extent required by the Act, a Director notwithstanding his office:

14.2.1 may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;

14.2.2 may be a director or other officer of, employed by, a party to any contract with or otherwise interested in the Councils, any Group Company or in any body corporate promoted by the Company, a Group Company or the Councils, or in which the Company, any Group Company or the Councils are interested; and

14.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).

- 14.3 For the purposes of this article 14:

14.3.1 a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of the Councils, any Group Company; and

14.3.2 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.

- 14.4 Where a Director is a director or other officer of, or employed by, the Councils or a Group Company, he:

14.4.1 may in exercising his independent judgment take into account the success of the Councils and other Group Companies as well as the success of the Company; and

14.4.2 shall in the exercise of his duties, where that other Group Company is a parent company, have a duty of confidentiality to the parent company in relation to confidential information of the parent company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to any parent company.

## 15 Conflicts of interest requiring Board authorisation

- 15.1 The Directors may, subject to the quorum and voting requirements set out in the Articles, authorise any matter which would otherwise involve a Director ("**Relevant Director**") breaching his duty under the Act to avoid Conflicts of interest (a "**Conflict**").
- 15.2 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and decided upon by the Directors under the provisions of the Articles save that the Relevant Director shall not count towards the quorum nor vote on any resolution giving such authority and save further that if there are insufficient Directors eligible to vote and therefore to form a quorum, article 15.3 will apply.
- 15.3 Where the Directors give authority in relation to a Conflict:
  - 15.3.1 the terms of the authority shall be recorded in Writing (but the authority shall be effective whether or not the terms are so recorded); and
  - 15.3.2 the Directors may revoke or vary such authority at any time but this will not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.
- 15.4 A Conflict in relation to a Director arising solely as a result of him or her being a director, officer or employee of the Councils, any Group Company shall be deemed to have been authorised for the purposes of this article 15 and section 175 of the Act.
- 15.5 Where article 15.4 above applies or the Directors otherwise give authority in relation to a Conflict, or where any of the situations referred to in article 14 (a "**Permitted Situation**") applies:
  - 15.5.1 the Directors may (whether at the relevant time or subsequently) (i) require that the Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the Directors or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the Relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;
  - 15.5.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the Conflict or Permitted Situation; and
  - 15.5.3 the Directors may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.
- 15.6 A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the shareholders for any remuneration, profit or other benefit realised by reason of his having any type of

interest in a Conflict authorised under this article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

## **16 Directors may vote when interested**

A Director shall not be entitled to vote in respect of any matter in which he is interested directly or indirectly and his vote shall not be counted and his presence at the meeting shall not be taken into account in ascertaining whether a quorum is present except where a Director's interest arises as a result of a Director being a director, officer or employee of the Council or any Group Company

16.1 Subject to article 16.3 below, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to Participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.

16.2 If any question as to the right to Participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## **17 Records of decisions to be kept**

17.1 The Directors must ensure that the Company keeps a record, in Writing, for at least ten (10) years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

## **18 Directors' discretion to make further rules**

18.1 Subject to the Articles, the Directors may make any rule about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

# **APPOINTMENT OF DIRECTORS AND SECRETARY**

## **19 Appointment of the Secretary**

19.1 The shareholders shall appoint (and remove) the Secretary in accordance with the Act.

## **20 Methods of appointing Directors**

20.1 Any person who is willing to act as a Director and is permitted by law to do so, may be appointed to be a Director by the shareholders.

20.2 The Board of Directors shall be appointed by the shareholders and

20.3 shall comprise of a minimum of two (2) Directors and the shareholders may decide the maximum of number of Directors from time to time.

20.4 The Board shall include:

20.4.1 up to three (3) Directors who shall be appointed by the shareholders and who shall have suitable experience and skills to provide independent challenge and input into Board decisions (the "Non-Executive Directors").

## **21 Termination of Director's appointment**

21.1 A person ceases to be a Director as soon as:

- 21.1.1 the shareholders notify the Company that the individual is to be removed as a Director;
- 21.1.2 that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;
- 21.1.3 a Bankruptcy order is made against that person;
- 21.1.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 21.1.5 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- 21.1.6 by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
- 21.1.7 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms.

21.2 One-third of the Non-Executive Directors, or if their number is not three (3) or a multiple of three (3) the number nearest to one-third, shall retire from office at each annual general meeting.

21.3 The Non-Executive Directors to retire by rotation under Article 21.2 shall be those who have been longest in office since their last appointment. If any Non-Executive Directors became or were appointed Non-Executive Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

21.4 If a Director is required to retire at a General Meeting by a provision of the Articles the retirement shall take effect upon the conclusion of the meeting.

21.5 Non-Executive Directors shall be eligible for re-appointment to the Board for one (1) further term so that Non-Executive Directors may serve a maximum of two (2) terms.

## **22 Directors' remuneration**

22.1 Any remuneration of Directors shall be determined by the shareholders. Directors may undertake any services for the Company that the shareholders decide.

22.2 Unless the shareholders decide otherwise, Directors' remuneration accrues from day to day.



- 22.3 Unless the shareholders decide otherwise, Directors are not accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's Subsidiaries or the Councils or of any other body corporate in which the Company is interested.

**23 Directors' expenses**

- 23.1 Any expenses of Directors (and alternate Directors) shall be determined by the shareholders.

**PART 3**

**SHAREHOLDERS, SHARES AND DISTRIBUTIONS**

**SHARES**

**24 Appointment of shareholders**

- 24.1 The subscribers to the Memorandum are the first shareholders of the Company.
- 24.2 No person shall be admitted a shareholder of the Company unless they are approved by the shareholders.
- 24.3 The Directors must keep a register of names and addresses of the shareholders.

**25 Liability of shareholders**

- 25.1 The liability of the shareholders is limited to the amount, if any, unpaid on the shares held by them.

**26 Termination of shareholder membership**

- 26.1 Shareholder membership is terminated if the shareholder resigns by written notice to the Company;

**27 All shares to be Fully Paid up**

- 27.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 27.2 This does not apply to shares taken on the formation of the Company by the subscriber to the Company's memorandum.

**28 Powers to issue different classes of share**

- 28.1 Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by consent of the shareholders.
- 28.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the shareholder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

**29 Company not bound by less than absolute interests**

- 29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the shareholder's absolute ownership of it and all the rights attaching to it.

**30 Share certificate**

- 30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 30.2 Every certificate must specify:
- 30.2.1 in respect of how many shares, of what class, it is issued;
  - 30.2.2 the nominal value of those shares;
  - 30.2.3 that the shares are Fully Paid; and
  - 30.2.4 any distinguishing numbers assigned to them.
- 30.3 No certificate may be issued in respect of shares of more than one class.
- 30.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 30.5 Certificates must be executed in accordance with the Act.

### **31 Replacement share certificates**

- 31.1 If a certificate issued in respect of a shareholder's shares is:
- 31.1.1 damaged or defaced, or
  - 31.1.2 said to be lost, stolen or destroyed
- that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 31.2 A shareholder exercising the right to be issued with such a replacement certificate:
- 31.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - 31.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
  - 31.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

### **32 Share transfers**

- 32.1 Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any share.
- 32.3 The Company may retain any Instrument of transfer which is registered.
- 32.4 The transferor remains the shareholder of a share until the transferee's name is entered in the register of shareholders as holder of it.
- 32.5 The Directors may refuse to register the transfer of a share, and if they do so, the Instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **33 Procedure for declaring dividends**

- 33.1 The Company may by Ordinary Resolution declare dividends, and the Directors may decide to pay interim dividends.
- 33.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 33.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 33.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be

paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

- 33.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- 33.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 33.7 If the Directors act in good faith, they do not incur any liability to the shareholder conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

#### **34 Payment of dividends and other distributions**

- 34.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
  - 34.1.1 transfer to a bank or building society account specified by the Distribution Recipient either in Writing or as the Directors may otherwise decide;
  - 34.1.2 sending a cheque made payable to the Distribution Recipient by post to the Distribution Recipient at the Distribution Recipient's registered address (if the Distribution Recipient is a shareholder of the share), or (in any other case) to an address specified by the Distribution Recipient either in Writing or as the Directors may otherwise decide;
  - 34.1.3 sending a cheque made payable to such person by post to such person at such address as the Distribution Recipient has specified either in Writing or as the Directors may otherwise decide; or
  - 34.1.4 any other means of payment as the Directors agree with the Distribution Recipient either in Writing or by such other means as the Directors decide.
- 34.2 In the Articles, the "**Distribution Recipient**" means, in respect of a share in respect of which a dividend or other sum is payable:
  - 34.2.1 the shareholder of the share; or
  - 34.2.2 if the shareholder is no longer entitled to the share by reason of Bankruptcy, or otherwise by operation of law, the transmittee.

#### **35 No interest on distributions**

- 35.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
  - 35.1.1 the terms on which the share was issued, or
  - 35.1.2 the provisions of another agreement between the shareholder of that share and the Company.

#### **36 Unclaimed distributions**

- 36.1 All dividends or other sums which are:
- 36.1.1 payable in respect of shares, and
  - 36.1.2 unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 36.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 36.3 If:
- 36.3.1 twelve (12) years have passed from the date on which a dividend or other sum became due for payment, and
  - 36.3.2 the Distribution Recipient has not claimed it,
- the Distribution Recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

### **37 Non-cash distributions**

- 37.1 Subject to the terms of issue of the share in question, the Company may, by Ordinary Resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- 37.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:
- 37.2.1 fixing the value of any assets;
  - 37.2.2 paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and
  - 37.2.3 vesting any assets in trustees.

### **38 Waiver of distributions**

Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in Writing to that effect.

## **PART 4**

### **DECISION-MAKING BY SHAREHOLDERS**

### **ORGANISATION OF GENERAL MEETINGS**

### **39 General Meetings**

- 39.1 All general meetings of the shareholders shall be called general meetings.

- 39.2 Notice of a general meeting shall be given in hard copy form, in electronic form or by means of a website, provided that the Company complies with any requirements relating to the giving of notice laid down in the Companies Act 2006.
- 39.3 Notice of a general meeting shall be sent to every shareholder, every Director and any other person required by law to be sent such notice.
- 39.4 Notice of a general meeting shall:
- 39.4.1 state the time, date and place of the meeting;
  - 39.4.2 specify the general nature of the business to be dealt with at the meeting and set out the text of any special resolution to be voted upon at the meeting; and
  - 39.4.3 be accompanied by a proxy form.
- 39.5 The accidental omission to give notice of a general meeting to, or the non-receipt of notice by, any person entitled to receive the notice; or a technical defect in the timing or manner of giving such notice of which the Board is unaware shall not invalidate the proceedings of that meeting.

#### **40 Annual General Meeting**

- 40.1 The shareholders shall hold an annual general meeting each Company financial year.

#### **41 Chairing general meetings**

- 41.1 If the Directors have appointed a Chair, the Chair shall chair general meetings if present and willing to do so.
- 41.2 If the Directors have not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- 41.2.1 the Directors present, or
  - 41.2.2 (if no Directors are present), the meeting,
- must appoint a Director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

#### **42 Decision-making by shareholders**

- 42.1 Notice of a general meeting of the Company need not be sent to a Director in his capacity as such and Section 310(1)(b) of the Act shall be excluded accordingly.
- 42.2 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting unless an authorised representative of each shareholder is present.
- 42.3 Where the Company has one shareholder:
- 42.3.1 any decision that may be taken by the Company in general meeting may be taken by that shareholder solely; and

42.3.2 such a decision is effective as if agreed by the Company in general meeting.

42.4 Where the sole shareholder takes a decision under article 42.3 it must (unless that decision is taken by way of a written resolution) provide the Company with written details of that decision.

42.5 The person chairing a meeting in accordance with this article is referred to as "**the chairman of the meeting**".

#### **43 Voting**

43.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

43.2 A poll on a resolution may be demanded:

43.2.1 in advance of the general meeting where it is to be put to the vote; or

43.2.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

43.3 A poll may be demanded by any Qualifying Person present and entitled to vote on the resolution.

43.4 A demand for a poll may be withdrawn if the poll has not yet been taken and the chair of the meeting consents to the withdrawal. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

43.5 Polls must be taken immediately and in such manner as the chair of the meeting directs.

#### **44 Errors and disputes**

44.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the chair of the meeting whose decision is final.

#### **45 Written resolutions**

45.1 A written resolution passed in accordance with the Act is as valid as a resolution actually passed at a general meeting (and for this purpose the written resolution may be set out in more than one Document). A written resolution passed under this Article will lapse if not passed before the end of 28 days beginning with the Circulation Date (as defined in section 290 of the Act).

#### **46 Proxies**

46.1 Content of proxy notices

46.1.1 Proxies may only be validly appointed by a notice in Writing (a **proxy notice**) which:

- 46.1.1.1 states the name and address of the shareholder appointing the proxy;
  - 46.1.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
  - 46.1.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Board may determine; and
  - 46.1.1.4 is delivered to the Company in accordance with these Articles not less than 48 hours before the time appointed for holding the general meeting in relation to which the proxy is appointed and in accordance with any instructions contained in the notice of the general meeting to which they relate (but notwithstanding the foregoing, an appointment of a proxy may be accepted by the Board, in its absolute discretion, at any time prior to the meeting at which the person named in the appointment proposes to vote (or, where a poll is demanded at the meeting, but not taken forthwith, at any time prior to the taking of the poll)).
- 46.1.2 The Company may require proxy notices to be delivered in a particular form and may specify different forms for different purposes.
- 46.1.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions, but the Company shall not be obliged to ascertain that any proxy has complied with those or any other instructions given by the appointor and no decision on any resolution shall be vitiated by reason only that any proxy has not done so.
- 46.1.4 On a vote on a resolution on a show of hands or a poll at a meeting, every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote, except that if the proxy has been duly appointed by more than one shareholder entitled to vote on the resolution and:
- 46.1.4.1 has been instructed by one or more of those shareholders to vote for the resolution and by one or more other of those shareholders to vote against it; or
  - 46.1.4.2 has been instructed to vote the same way (either for or against) on the resolution by all of those shareholders except those who have given the proxy discretion as to how to vote on the resolution
- the proxy is entitled to one vote for and one vote against the resolution.
- 46.1.5 Unless a proxy notice indicates otherwise, it must be treated as:



46.1.5.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

46.1.5.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

**46.2 Delivery of proxy notices**

46.2.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

46.2.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in Writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given. A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

46.2.3 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

**PART 5**

**ADMINISTRATIVE ARRANGEMENTS**

**47 Notices etc by the shareholders**

47.1 This article applies to:

47.1.1 any notice given to the Company by the shareholders under these Articles; and

47.1.2 any consent given by the shareholders under these Articles.

47.2 Any notice or consent referred to in article 47.1 must be in Writing and sent or supplied to the Company in accordance with this Part 5.

47.3 Any notice or consent by a shareholder must be duly signed by that shareholder.

**48 Means of communication to be used**

48.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Act provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.

48.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.

- 48.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

**49 Right to inspect accounts and other records**

- 49.1 The shareholders and their authorised representatives shall have the right on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company and any Subsidiary of the Company.

**DIRECTORS' INDEMNITY AND INSURANCE**

**50 Indemnity**

- 50.1 The Company shall indemnify a relevant Director against any liability incurred in that capacity, to the extent permitted by sections 232 to 234 of the Act.
- 50.2 In this article a 'relevant Director' means any Director or former Director of the Company.

**51 Insurance**

- 51.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Director in respect of any relevant loss.
- 51.2 In this article:
- 51.2.1 a "**Relevant Director**" means any Director or former Director of the Company or an associated Company;
- 51.2.2 a "**relevant loss**" means any loss or liability which has been or may be incurred by a Relevant Director in connection with that Director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company; and
- 51.2.3 companies are associated if one is a Subsidiary of the other or both are Subsidiaries of the same body corporate.

## APPENDIX 2

### COSOCIUS LIMITED – GOVERNANCE SHAREHOLDER RESERVED MATTERS DRAFT FOR DISCUSSION

Cheshire West and Chester Council and Cheshire East Council ("the **Councils**") are establishing a new shared services company, CoSocius Limited ("the **Company**"). To operate the Company as a Teckal company the Councils must as a minimum jointly have "a power of decisive influence over both strategic objectives and significant decisions" of the Company. In addition, the Councils will wish to consider the implications of certain Company activities and shareholder decisions for the Councils' commissioning strategies and general approach to externalisation.

A key way in which the Councils will be able to control the Company is through a list of decisions that the board of directors must refer to the Councils as shareholders of the Company ("**Reserved Decisions**"). Reserved Decisions would only be passed if both Councils voted in favour. The Reserved Decisions will be listed in the shareholders' agreement entered into by the Councils and the Company.

This paper sets out the proposed Reserved Decisions, the rationale and whether the decision is a requirement for the Teckal procurement exemption.

Formal decisions on Reserved Decisions will be made at general meetings of the Company, attended by a representative of each shareholder Council, who is authorised to vote on behalf of the representative's appointing Council or via written resolution. Each Council will agree how to authorise its representative and should therefore give consideration as to how this will operate in practice within their respective constitutional arrangements.

Both shareholder Councils must agree Reserved Decisions. If they are unable to do so, the deadlock provisions in the shareholder agreement will apply. It is in the interests of all parties that the Councils reach a consensus on Reserved Decisions and it is proposed that a shareholder board, comprising the authorised representatives and supported by officers and members is established as a forum to discuss and agree Reserved Decisions. The Board may also be given a wider remit to protect the interests of each Council shareholder by keeping an oversight of the performance of the Company, receiving specified reports and monitoring information and considering the wider impact of decisions regarding the Company – for example on other SLE's established by the Councils. This is a separate function to the day to day commissioning of services and contract management.

The Reserved Decisions would be reviewed as the Company matures.

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
1.	Appointment and removal of directors	Gives the Councils the right to jointly appoint and remove directors from the Company Board and so ultimate control of operational decision making.	Yes	
2.	Appointment and removal of Company secretary	Not a legal requirement to have a company secretary but given potential pivotal role (see notes) could be a post Councils want control over.	No	
3.	Changing the Articles or the rights attached to any of the shares in the Company	This would be more relevant if there were more shareholders or if one shareholder had 75% of the vote. However, it is sometimes included from the outset to establish a principle.	No	Under company law these decisions would require a shareholder decision anyway, in the case of the articles requiring a 75% majority. As neither Council has a 75% majority it would require consent of both.
4.	Creating a subsidiary or acquiring shares in another company or participating in any joint venture or partnership (incorporated or not)	These actions could potentially have a major impact on the business and financial position of the Company including financial implications and liabilities which shareholders would wish to understand and agree to.	Not necessarily.	Creating a subsidiary (entity majority controlled by the Company) could be material if, for example, used as a vehicle for a corporate joint venture with another party or even if wholly owned if used for hiving off some of the Company's business. Acquiring shares could be significant either as an investment or as a means of structuring a joint venture with another party. The Company becoming involved with external entities could have a

<sup>1</sup> The extent of the Councils' control over the Company would be looked at in the round. This column provides a simple yes / no position on whether it would be recommended to include the relevant decision as a reserved decision in the shareholders' agreement in order to satisfy the Teckal test.

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
				range of implications depending on the nature of the external entity and the nature of the Company's involvement. The Council shareholders would wish to consider these implications and reach agreement on any decisions.
5.	Selling parts of the business	Potentially a major impact on the business and financial position of the Company. Company should be focused on Councils so could only sell if Councils agreed.	Yes	This relates to sale of the Company's business (either in whole or part) as opposed to the sale of any Company shares.
6.	Amalgamating or merging with any other company or business	Potentially a major impact on the business and financial position of the Company. May result in reduced rights for Councils as shareholders and potential disapplication of the Teckal exemption if non-Teckal compliant third party shareholders are admitted.	Yes	'Merging' and 'amalgamating' are overlapping concepts but amalgamating can refer to internal restructuring of companies within a group whereas merger normally refers to two autonomous businesses coming together.
7.	Entering into any new arrangement, contract or transaction with either a capital value over [£250,000] or otherwise a value of over [£50,000] OR contract which is not incidental or ancillary to the primary business of the Company	The intention is to ensure that the Company does not create material liabilities / obligations without the Councils consent.	Sensible to have a certain threshold (in an analogous way to delegated authority in the Councils)	The reference to financial limits should be proportionate and requires review. Separate values could be used for capital contracts to reflect the different values that could constitute material. Consent would not be needed where already provided in the annual business plan.

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
				Thresholds to be confirmed.
8.	Adopting or amending the annual business plan and any [material] in-year changes	A requirement to produce and agree an Annual Business Plan will be a key control from a shareholder perspective.	Yes	
9.	Adopting or amending the 5 year strategic plan	This will be a key document to be agreed with the Councils and should reflect the Councils' strategic commissioning objectives as well as the Company's plans post-incubation period.	No	
10.	Changing the Company's registered office	Councils may wish to control the location of the Company (local ownership, links to community and Councils' policies around local economy etc).	No	
11.	Creating or agreeing to create a charge/security/encumbrance over the Company's assets, shares or income	Potentially a major impact on the business and financial position of the Company. Given the potential materiality sensible for Councils to have control over it.	No	Based on discussions to date, the Company will not hold significant assets in any event – all property and equipment to be leased to the Company for duration of contract.
12.	Adopting or changing remuneration and redundancy policies including: 1) the award of pay increases to employees which in aggregate exceed the percentage rate allowed for pay increases in the latest valuation of the Fund prior to the award of	Changes to remuneration policies will impact on the cost of delivery of the services and LGPS funding. It is also an area that local authorities often want to retain control over given the Company continues to be	No	Wording to be simplified.

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
	<p>the pay increase in question; or</p> <p>2) the award of pay increases to employees which in aggregate exceed any pay increases that the Company is required to make by law (including, for these purposes, pursuant to its obligations arising under, or as a consequence of, the TUPE Regulations, any code of practice and/or any National Joint Council for Local Government Services or Joint Negotiating Committee for Local Council Employees arrangements);</p> <p>3) the award of pay increases to employees which in aggregate exceed any pay increases that the Company is obliged to offer pursuant to the terms and conditions of employment in place as at the Service Transfer Date (including under any collective agreement);</p> <p>4) termination of the employment contract of an employee who is aged 55 or over at the time, by reason of redundancy or in the interests of efficiency or otherwise allowing such employee to retire on those grounds.</p>	owned by the Councils .		
13.	Making changes to pension arrangements for staff.	On the basis of agreement to offer an open pension scheme, accessible to new recruits, changes could impact industrial relations with Trade unions and staff. If LGPS withdrawn then the Councils must ensure legal	No	

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
		obligations to secure pension protection do not leave them at risk of a legal challenge. Also to be viewed as part of each Council's approach to pensions and access for hive-off organisations. Has a material impact on the host Council's pension liability.		
14.	Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent)	A very important right for minority shareholders to ensure company isn't wound up against their wishes.	No	Under company law decision must be agreed by at least 75% majority of shareholders to invoke the shareholders' statutory right to voluntarily wind up a company. On this basis and given only two shareholders this decision could be omitted and left to be governed by statute which would mean both Councils would have to agree.
15.	Remuneration of Directors (including contractual redundancy and performance related pay)	Reputational risk to the Councils if seen to award above sector average pay rises. Also impact on pension fund liabilities.	No	
16.	Approve the admission of further shareholders to the Company and agree any rights or restrictions attached to the shares allocated to them.	Potentially a major impact on the business and financial position of the Company. Potential to dilute Council control and the application of Teckal.	Yes	



No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
17.	To appoint and remove the chair of the Board of Directors (except where the chair is absent in which case the board of directors will appoint an alternate chair)	The chair is an influential position as the chair will have a casting vote where there is an equality of votes of the Company board of directors.	No but advisable.	The right to appoint the chair could be alternated between the Councils. However, this may not be acceptable given that the chair is to have a casting vote so would potentially have significant influence over board decisions.
18.	Decide the maximum size of the Board	Linked to the right to appoint and remove directors. Additional control over the Company as the aim is to ensure the level of control exercised by Council appointments required for Teckal is not diluted by additional appointments. May also impact on cost as remuneration package for non-Executive directors. Sits with the right to appoint and remove directors.	No	Assurance that Council appointed directors wouldn't be diluted could be obtained by setting the maximum number of directors in the articles meaning this Reserved Decision wouldn't be required. The Articles specify a minimum of 2 directors and up to three non-executive directors. In any event wider framework of control including right to change articles and require specified action mean it is not material.
19.	To decide what (if any) goods and services directors may provide for the Company	Allows the Councils to regulate services directors can personally provide back to the Company. Important given that funding for the Company is via	No	

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
		the public purse to ensure transparency and accountability.		
20.	Changing the financial year end	Impacts on the ability of the Councils to produce consolidated accounts so significant	No	Year end needs to tie into the Councils' year end from a practical point of view.
21.	Changing the nature of the Company's business or commencing any new business which is not ancillary or incidental to the business.			
22.	Making of any acquisition or disposal of any material assets by the Company. Material for this purpose being set as part of the annual business plan process by the Company and Councils.	Company established for core purpose to provide services back to the Councils and established so as to operate within Teckal. Changing the nature of the business would have a significant impact on this position as well as the risk position of the Company.	Yes	
23.	Making any loan (otherwise than by way of a deposit with a bank or other institution, the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) or indemnity.		No	
24.	Giving notice of termination of any arrangements, contracts or transactions which are [material] in the nature of the	Public funding for these services should not be used for any other purpose than to	No	

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES
	Company's business or materially varying any such arrangements, contracts or transactions	support delivery of the services. Raises state aid issue.		
25.	Granting rights (by licence or otherwise) in or over any intellectual property owned or used by the Company	Such action could have a significant impact on the viability of the business.	No	
26.	Changing the Company's auditors	IPR in the Company will have a commercial value	No	May depend on where IPR sit
27.		As a local authority controlled company the auditors must be approved by the Audit Commission and any change should be notified to the Councils together with proposals for replacement auditors.	No	

No.	Decision	Rationale	Teckal requirement? <sup>1</sup>	NOTES

### **APPENDIX 3**

#### **SHAREHOLDER BOARD - TERMS OF REFERENCE**

The Shareholder Board shall be responsible for;

- Providing advice and guidance to the Councils authorised representatives in respect of Reserved Decisions
- Maintaining a strategic overview of CoSocius Ltd and its relationship with other council owned alternative delivery vehicles
- Ensuring that the impact of decisions made in respect of CoSocius Ltd on other companies owned by CEC and/or CWAC are properly understood.
- Ensuring the appropriateness of the company's governance arrangements.
- Monitoring compliance with Teckal requirements.
- Progress against the Company's 5 year Strategic Plan.
- Monitoring key success factors
- Monitoring risks

## APPENDIX 4

### CHESHIRE WEST AND CHESTER COUNCIL

### CHESHIRE EAST COUNCIL

### HEADS OF TERMS FOR SHARED SERVICES COMPANY

#### 1 OVERVIEW

- 1.1 Cheshire West and Chester Council (**CWAC**) and Cheshire East Council (**CE**) are establishing a shared services company to deliver ICT, Finance and HR transactional services to the two Councils. This builds on the intra-authority shared services arrangements that the Councils already have in place.
- 1.2 The key documents required to implement this structure will be:
  - 1.2.1 Articles of association for the shared services company (**Shared Co**);
  - 1.2.2 Shareholders' agreement;
  - 1.2.3 Service contract(s) between each Council and Shared Co;
  - 1.2.4 Working capital facility for Shared Co (if required);
  - 1.2.5 Support services buy back contract for Shared Co (if required).
- 1.3 These heads of terms provide an overview of the agreed legal principles for the respective documents. The heads of terms will inform the drafting of the full documents. The heads of terms are not intended to be legally binding.

#### 2 ARTICLES OF ASSOCIATION

- 2.1 A company limited by shares will be used. This will allow maximum flexibility for future options, including alternative ownership structures and distribution of profits.
- 2.2 The substantive provisions around board composition and voting rights will be contained in the shareholders' agreement.
- 2.3 An outline of the Articles

#### 3 SHAREHOLDERS' AGREEMENT

- 3.1 The two Councils will be equal shareholders with 50 per cent of the vote each. Neither Council will be able to pass a majority decision on matters reserved to the shareholders on its own. It is accepted that this means there could be deadlock between shareholders.
- 3.2 It is not intended that the Councils will put equity funding into Shared Co. Shares will be for a nominal amount, e.g. £1. Capital will be provided mainly in the form of loans.
- 3.3 The key role of the shareholders within the constitutional / governance arrangements will be the power to (acting together) appoint and remove the Shared Co board, approve the annual business plan, 5 year strategic plan and retain the right to approve or veto reserved matters. Through these powers the Councils as shareholders will retain overall strategic control over the operation of Shared Co.
- 3.4 There will be a reserved matters list that will set out decisions for the Councils to make or approve. Such decisions would require the consent of both Councils. The Councils will decide internally who will be authorised to make decisions upon behalf of each Council in its capacity as shareholder.

- 3.5 Shared Co may make a profit from providing services to third parties (subject to Teckal requirements). Such profit would either be distributed to the Councils or reinvested into Shared Co as agreed by the Councils. As part of the annual business plan, the Councils would jointly approve a strategy to deal with any surpluses generated during the year.
- 3.6 Agreed principles for new joiners to Shared Co, e.g. voting rights, entitlement to profits etc will be included to ensure clear alignment of expectation on this issue. Mutual agreement to admit additional shareholders.
- 3.7 The proposals for the board of directors must meet the level of control required to comply with Teckal. The Councils will give at least 12 months notice if they wish to sell their share or withdraw from the Shared Co. The remaining Council will have an option to purchase the shareholding and the Agreement will include a methodology for valuation.
- 3.8 There will be detailed provisions for dealing with disagreements and deadlock situations between the Councils.

## 4 SERVICE CONTRACT

- 4.1 Each Council will award Shared Co a service contract to undertake those ICT, HR and Finance, transactional services (and such other services as may be agreed by the Councils), the majority of which are currently undertaken by ICT, HR and Finance Shared Services (**Commissioned Services**). The Councils will not retain in-house delivery capability for the Commissioned Services and will have purely a commissioning side / contract management function. The service contracts between each Council and Shared Co will be the same in all material terms.
- 4.2 The award of the contract would trigger the transfer of all staff assigned to the Commissioned Services to Shared Co and potentially some staff engaged in providing support to the current shared service. Shared Co would become an admitted body of the Cheshire Pension Fund to enable it to offer its employees on-going access to the LGPS. The Councils [will share equally the] [will apportion] costs associated with admitted body status.
- 4.3 The service contracts will be for 5 years with each Council having a unilateral right to break at 3 years and the option to extend for a further 5 years. As the only shareholders, the Councils would always have the flexibility to agree between themselves to end the arrangements with Shared Co. The key importance for the length of the contract is therefore the certainty that it provides each shareholder about the other shareholder's commitment to the venture.
- 4.4 Shared Co will be granted exclusivity for 'routine transactions' within the scope of the Commissioned Services as defined in the contracts, subject to any exceptions agreed between the Councils. Routine transactions will be specified in the full requirements documentation that will be agreed during commercial contract development and included in the main Service Contract but would include such areas as:
  - Service desk and field engineer support
  - Network support (WAN and LAN) to Council operated buildings.
  - Support of existing and new applications.
  - IPT support
  - Management of HR records
  - Calculation of pay/issue of payslips
  - Central processing of purchase invoices
  - Imprest accounts and P Cards
  - Central issuing of AR invoices
- 4.5 Each Council will agree to purchase a minimum level of development work, to be agreed. Above this level the Shared Co will be given first refusal of any new development work.
- 4.6 . The Councils would be able to change the level and nature of services within agreed parameters around notification and working with Shared Co to manage the changes in demand and consequences for resourcing. If a council changes its volume of business with the Shared Co this

may impact on the unit charge that it pays [ie by adopting a standard commercial approach whereby high volumes = lower unit price. Lower volumes = higher unit price. Councils may be charged different rates if volumes of business with the SLE are different.

- 4.7 The Councils want to move to more of an output basis for commissioning rather than input.
- 4.8 The overarching principle for payment for the Commissioned Services is that services are provided on a cost recovery basis (i.e. the payments do not include a margin). Payment would, initially at least, be on an agreed cost per unit basis or a fixed fee. The cost per unit would be set at the commencement of each service contract and reviewed / revised periodically between the parties. There may be a movement away from cost per unit in the future as parties seek to migrate to more of an output basis for commissioning. Charges will be a mixture of £x per unit consumed eg per payslip, fixed payments eg for supporting a particular application and will not vary depending on actual hours spent. The cost of the Commissioned Services should not exceed current costs for each Council. However, if the Shared Costs able to deliver the Commissioned Service at a lower cost then it will make a profit.
- 4.9 The detail of the services being commissioned and the payments would be reviewed and updated by the Councils on an annual basis through the Annual Business Plan. The obligation to pay would be linked to the agreed services as set out in the annual business plan. The Shared Co to operate open book arrangements.
- 4.10 Unforeseen costs / liability incurred by Shared Co outside of the relevant agreed business plan would be funded by the two Councils on a 50 / 50 basis. Such funding would be provided through a separate credit facility provided by one / both of the Councils with the payment becoming a debt of Shared Co and a cost to be included in subsequent business plans.
- 4.11 Assets required for the delivery of the Commissioned Services would be retained by the relevant Council and licensed to Shared Co. This would include contracts for ICT software / hardware subject to discussions with suppliers about any requirements for novation to Shared Co.
- 4.12 An exit plan would be included providing for the process for a Council to cease commissioning Shared Co to deliver the Commissioned Services (in whole or part). This would include process of identifying staff assigned to relevant function and arrangements for smooth transition of systems and data to the Council / new provider.
- 4.13 There will be a lease from CWAC to Shared Co for premises at Goldsmith House, Chester. This will be on commercial rent for the duration of the services contract.

## **5 WORKING CAPITAL FACILITY**

- 5.1 Shared Co will need to have access to funds to satisfy its debts / liabilities. Where this is not the case there could be an insolvency situation which would require directors of Shared Co to comply with duties under the insolvency regime.
- 5.2 Costs for delivering the Commissioned Services as agreed under the services contract (through annual business plan process) would be funded by the payments from the Councils. The Shared Co will have separate recourse to funds for costs that are not budgeted, e.g. unexpected third party claims or employment liabilities. This could over time come from accumulated reserves / balance sheet primarily built from profits from third party payments for services. Initially there will not be such assets as payments from the Councils are on a cost recovery basis.
- 5.3 The Shared Co will be provided with a working capital facility which will be available for costs not covered by payments under the services contract. This will be on terms to be agreed.

## **6 SUPPORT SERVICES**

- 6.1 Shared Co will need the following support services, provided by the Councils on a buy back basis
  - 6.1.1 Legal
  - 6.1.2 HR



- 6.1.3 Finance –financial management and audit
- 6.1.4 Property
- 6.1.5 Procurement
- 6.1.6 Solutions (Fol/DP/complaints etc) support
- 6.1.7 Company secretarial
- 6.1.8 Insurance
- 6.1.9 ICT strategy

6.1.10 Business Support

together **Support Services.**

- 6.2 Where the Support Services are provided by the Councils on a buy back basis, they will be provided on a cost recovery basis.

## **Appendix 5**

### ***Governance of the company as set out by:***

- Articles of association and certificate of incorporation.
- Structure chart and narrative showing the key accountabilities and relationships
- If not included in the articles terms of reference of the Board and any sub-committees; roles of Board Members and Chief officer :
  - Reference to Nolan principles of standards in public life
  - Composition, role and responsibilities of the Board and its members
  - Composition, role and responsibilities of the Operational Board and its members
  - Sub-committee structure, if any
  - Role of the Council eg S 151, monitoring arrangements, financial regulations and standing orders, buy back
  - Codes of conduct for Board members
  - Expenses and remuneration
  - Obligations to local authority scrutiny
  - Arrangements for the review of governance and operating procedures and policies
  - Annual reporting
  - Financial and contract procedure rules
  - Schemes of delegation
  - Companies House/Acts requirements
  - Arrangements for keeping company records
  - Identity, trademarks branding and stationery
  - Political neutrality
  - Schedule of policies and procedures (including responsible managers and arrangements for review)

### ***Operational policies and procedures***

- Staffing structure chart and portfolio of roles and responsibilities
- Freedom of Information Act policy
- Equality and Diversity policy
- Complaints procedure
- Stakeholder Management Strategy
- Performance and Quality assurance scheme, including key performance indicators
- Contingency and business continuity plan
- Data protection and information handling procedures including any inter-agency protocols
- IT use and security policy
- Workplan
- Environment policy
- File of HR policies and procedures
- Volunteering policy
- Health and Safety Policy

# CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

## SHARED SERVICES JOINT COMMITTEE

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<b>Date of Meeting:</b>	29 November 2013
<b>Report of:</b>	Cheshire East – Chief Operating Officer Cheshire West & Chester – Director of Resources
<b>Subject/Title:</b>	Company Board of Directors structure - CoSocius Limited

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### 1.0 Report Summary

- 1.1 This report seeks agreement on the structure for the Board of Directors for CoSocius Limited (the Company) and the high level design for the Company operating model.
- 1.2 The Councils have previously agreed the Business Case which included costs associated with the establishment of the Board Structure, details of which are covered in Section 7. However, the Cheshire East Cabinet approval also noted that 'this is to be a phased approach with the appointment to each position (except the lead officer) clearly agreed by the Joint Committee subject to progress against the programme plan'. It was further stated that the costs would be reviewed following the appointment of the lead officer.
- 1.3 The design of the future operating model and governance arrangements for the Company has progressed and the CoSocius Managing Director has developed a proposal for the Board structure and high level organisational design for the Company that reduces the original expected costs for the Board and senior management team.

### 2.0 Recommendations.

- 2.1 To **approve**:
  - (a) the CoSocius Limited Board structure proposals outlined in Section 11 and the high level organisational design for the Company outlined in Section 12.
  - (b) the recruitment of the Chairman, Non-Executive Directors and the Commercial & Corporate Development Officer (see detail in Section 11.5).
- 2.2 To **agree** the principle of a remuneration package for Non-Executive Directors with a ceiling rate to be agreed.

### 3.0 Reasons for Recommendations

- 3.1 To enable the Councils to progress the establishment of arrangements for the operation of CoSocius Limited and to ensure the Company is positioned to commence operating from 1<sup>st</sup> April 2014.

#### **4.0 Wards Affected**

- 4.1 This report relates to Shared Services that operate across both Cheshire East and Cheshire West and Chester so all wards are affected in both Councils.

#### **5.0 Local Ward Members**

- 5.1 This report relates to Shared Services that operate across both CE and CWAC so all wards are affected in both Councils.

#### **6.0 Policy Implications**

- 6.1 None.

#### **7.0 Financial Implications**

- 7.1 The Councils have previously approved the Business Case for the establishment of the Shared Services SLE<sup>1</sup> and the associated one off costs for setting up the Company during Phase 1 (Transition) in 2013/14 of £396k and the ongoing additional revenue costs in a full financial year of £415k excluding the additional cost of pensions.
- 7.2 These costs included an amount for additional staff costs to establish the Company, which included funding for the Managing Director and PA support, a Director of Corporate Services and a Business Performance Manager as well as an amount for staff costs associated with Non-Executive Directors and Company Secretary.
- 7.3 In addition to the above posts (paragraph 7.2), the Business Case also details expected costs for the period 2014/15 during Phase 2 (Commercial) which included an additional amount (£94k) for a Business Development / Marketing Director<sup>2</sup>
- 7.4 The proposals and recommendations for the Board of Directors outlined in this paper fall within the amount approved within the SLE Business Case<sup>3</sup>. Work is on-going to evaluate the job descriptions but due to the reduction in posts, from that which was initially outlined it is expected that the proposals will deliver approximately £70k of savings against the equivalent structure in the original Business Case.
- 7.5 The Joint Committee is therefore asked to approve the structure on the basis that costs for the Board will fall below the amount outlined in the Business Case.

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<sup>1</sup> Report to CWaC Executive 09 Jan 2103 and Report to CEC Cabinet 02 April 2013

<sup>2</sup> As stated in para 1.2, the funding for this post has been allocated but not approved.

<sup>3</sup> £320k was allocated cost within Business Case for the additional Board level posts (above existing Shared Services Posts) for Chairman, NEDs, MD, Dir of Corporate Services and Director of Business Development.

## **8.0 Legal Implications**

- 8.1 The persons appointed to the positions will be Directors of the Company in accordance with the requirements laid in the Companies Act 2006. Such Directors will undertake duties as set out in the Companies Act 2006 and under directions set out in the Articles of Association and they will be accountable to the Shareholders of the Company.

## **9.0 Risks**

- 9.1 The Councils have agreed to establish the Company and for it to be operational from 01<sup>st</sup> April 2014. The requirement to agree the structure of the Company Board of Directors and commence recruitment of posts outlined is a dependency for ensuring the Company is in a position to commence operations on time. Delay or failure to agree the proposals is likely to have a subsequent impact on the programme delivery.

## **10.0 Background**

- 10.1 The establishment of CoSocius Limited will require the adoption of a new Governance and Operating Structure. This structure will take account of Corporate Governance and Management requirements for a Limited Company including considerations appropriate for Shareholders, Teckal compliance, Companies Act 2006 and UK Code of Corporate Governance. It will also ensure the expectations of Councils are met to drive cultural change, service improvement and commercialisation.
- 10.2 The Governance proposals for the Company are being presented separately for agreement. The proposals contained within this paper, for the Board Structure and high level design of the Company, are the next stage and will ensure the programme can move forward with arrangements to commence operating.
- 10.3 Agreement of the Board Structure is necessary to commence the recruitment process for the three Non- Executive positions (including Chairman) and the new post of Commercial / Corporate Development Officer. This process could take (conservatively) three months. Ideally the Board should start operating during the latter part of shadow mode in order to deliver effectively beyond 01<sup>st</sup> April 2014. The commercial officer post is required to commence more detailed work on customer relations, contract management and to assist in the development of work associated with on-boarding a 3rd partner. In addition this latter post is key to helping the Company retain existing contracts by raising the bar in regard to client / supplier relationship management.

## **11. Company Board of Directors Structure**

- 11.1 The Board's key purpose "is to ensure the company's prosperity by collectively directing the company's affairs, while meeting the appropriate interests of its shareholders and relevant stakeholders". (*Standards for the Board, IoD*).
- 11.2 In a company structure the Board of Directors manages the day to day business of the company in accordance with the Articles of Association and they must act in the best interests of the Company for the benefit of shareholders (the Councils).

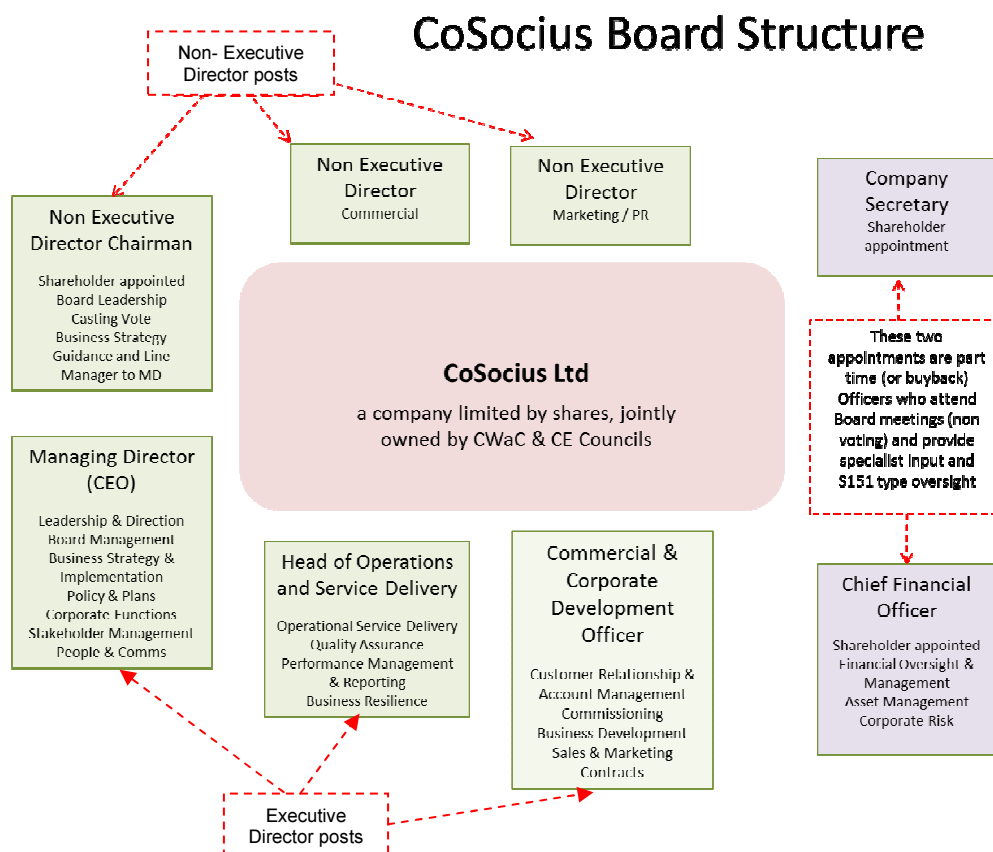
They will report to the Shareholders via General Meetings of the Company and will receive direction and decisions on matters reserved to Shareholders.

11.3 Beyond a requirement for at least one director, the composition of the Board is very much a matter for the Councils although there are general principles set out in the current UK Code of Corporate Governance, in particular, Section B of the Code which deals specifically with the composition of the board and recommends:

- (a) A balance of skills, experience, independence and knowledge to enable the company to act effectively;
- (b) A combination of executive and non-executive directors so that no individual or smaller group can dominate decision making (including independent non-executive directors);
- (c) A minimum of 2 non-executive directors for smaller companies;
- (d) The separation of the roles of chairman of the board and managing director;
- (e) Recruitment based on merit against objective criteria taking account of the benefits of diversity including gender.

11.4 During the development of the Business Case, an initial design for the Board structure was proposed and costs were incorporated into the financial estimates within the reports that were approved by Councils.

11.5 The following Board Structure is proposed, which takes account of the need to blend the Governance requirements as outlined in paragraph 11.2 with the operational requirements of the Company. There are three executive and three non-executive posts plus two part time / buyback appointments (Company Secretary & Financial Officer).



## 11.6 Board Positions

- **Non -Executive Directors.** Members of the HR and programme team have been working with the Managing Director to assess the requirements for non-executive input on the Board. The non-executive directors play an important part in regularly and rigorously assessing the effectiveness of the board's processes and activities. Legally speaking, there is no distinction between an executive and non-executive director. They share exactly the same individual and collective duties and responsibilities. However, given their (usual) outside perspective, they are sometimes best placed to ensure that the board focuses its energies effectively and provide a useful 'balance' to the executive directors, so as to ensure the board, as a whole, functions effectively.
- **Chairman.** The chairman is responsible for the leadership of the Board, ensuring effectiveness in all aspects of its role and setting its agenda. The chairman has ultimate responsibility for the board and so has a role distinct from that of the other non-executive directors. The chairman's primary role is to ensure that the Board is effective in its tasks of setting and implementing the company's direction and strategy. They work closely with the Managing Director to help lead the Company in line with Shareholders interests and provide appropriate scrutiny and oversight. To ensure the control aspects of the Teckal exemption are met, it is recommended that the Chairman should be a council appointment. This provision is set out in the Articles of Association to be approved as part of the separate governance report.
- **Executive Directors.** An Executive Director is a director of the Company who has the same responsibilities in law as the Non-Executive Directors but who also holds a separate role within the Company as an Executive employee. The proposal for the CoSocius Board includes:
  - Managing Director (MD) (*D V Whelan appointed on 28 Aug 14*) has responsibilities as a director, decision maker, leader, manager and executor. The decision-making role involves high-level decisions about policy and strategy. As a leader of the company, the MD advises the board of directors, motivates employees, and drives change within the organisation and, as a manager, presides over the organisation's day-to-day operations.
  - Head of Operations & Service Delivery. This person will lead the day to day transactional operations for the Company, reporting to the MD and ensuring that excellent service delivery to customers is maintained. They will be responsible for performance management, quality of service and reporting, business resilience and provide technical and operational advice to the Board. This post is currently occupied by the Head of ICT Shared Services. *The post therefore does not require approval for recruitment at this stage.*
  - Commercial & Corporate Development Officer. *This is a new post* that will lead the important function of customer relations, bid management (and the CoSocius end of the commissioning process) account and contract management and business development. The initial focus for the latter function will be to assist in the development of work associated with on-boarding a 3rd partner and potentially others. In addition, this latter post is

key to helping the Company retain existing contracts by raising the bar in regard to client / supplier relationship management.

- Company Secretary. Whilst not a legal requirement, it is highly recommended that the Shareholders appoint a Company Secretary to support the Board and to provide corporate governance input and manage the requirements for reporting and interaction with Companies House. It is envisaged that this post will be covered under buy back arrangements from one of the shareholding Councils. Again, the Articles of Association make provision for Shareholders to appoint the Company Secretary.
- Chief Financial Officer. It is highly recommended that a suitably qualified finance officer is appointed either via a contract (buyback) arrangement, part time employee basis or as a Non-Executive Director, to provide the Board and the Company with appropriate scrutiny, financial oversight and financial compliance management.

## 12. **Company Organisational Design**

- 12.1 The development of the CoSocius operating model is underway. At this stage, the organisational design has reviewed the functional areas and a number of changes are being recommended in order to move the Company into a new structure beyond 01<sup>st</sup> April 2014. This new structure will include the new corporate requirements (leadership and top tier management as well as corporate service provision to the stand-alone company). A diagram of the proposed new functional design and the top level management structure is attached at Appendix 1.
- 12.2 It is also proposed to develop the Commercial, Account Management and Business development into a new functional area, under the direction of the new post outlined in Section 11.6.
- 12.3 The other recommended change is to extract the existing Technical Architecture team out of their current position within Service Delivery into a separate functional area. This will ensure this important area can focus better on business architecture requirements and be able to operate more easily across the full business functions. It will also be able to look forward and outward more, rather than just inward looking.
- 12.4 As part of the TUPE arrangements, the Company will provide outline details of any measures it is likely to take beyond 01<sup>st</sup> April. It is planned to issue the 'measures letter' in January 2014 and this letter should provide details of the new Company structure and organisational design. Therefore, at this stage, the Joint Committee are being presented with the proposed outline structure based upon the functional breakdown and the top level management posts only. Approval of this will allow more detailed work to then be completed on the full structure.

## 13. **Remuneration of Non-Executive Directors**

- 13.1 Whilst some organisations are able to recruit non-executive directors at nil cost, offering a remuneration package has a number of benefits including:



- Encourages a wide diverse range of well qualified applicants to apply for vacancies; including those who would not be financially able to carry out the role in a voluntary capacity;
- Aid Board Member retention, by improving an individual's ability to balance external commitments with Board membership, ensuring retention of experience and skills.
- Promote steady renewal of Board membership, through use of fixed term appointments and effective skills audits and performance reviews of individuals and the Board as a whole.
- Provided payment levels are set at the sector average it will provide a cost effective means of ensuring improved governance and will support the development of a more robust performance review process to ensure that the Board continues to operate effectively and is comprised of an appropriate mix of individuals with the necessary skills and experience to lead the organisation.
- It will allow the company to compete for quality Board members in Cheshire and the surrounding areas.

13.2. The original Business Case allocated a budget for non-executive director costs and Company Secretary costs of £45k. Within this, it was initially envisaged that non -executive directors would be employed at a rate in the region of £250 per day. With Chairman, likely to require up to 40 days per year and the other two posts requiring approximately 22 days per year, this would equate to a budget of £15.5k.

13.3 However, HR colleagues have now investigated suitable rates for non-executive directors in line with market rates for a public sector medium enterprise company. However further work needs to be completed and therefore at this stage Joint Committee is asked to approve the principle of remuneration and the recommendation will be briefed verbally at the Joint Committee meeting.

13.4 In addition, the cost of contracting with Councils for a buy back of the Company Secretary and Finance Officer would depend on the approach taken for these posts but is likely to be circa £10k-£20k assuming each person spends 3 or 4 days per month on Company business. Further detail will be completed in regard to the options for contracting Company Secretary and Finance Officer support, if the Joint Committee approves the structure outlined in this paper.

## **14. Conclusion**

14.1 Approval of the recommendations laid in this paper will enable the programme to progress the important next steps to ensure the Company is ready to commence operating on 01<sup>st</sup> April 2014.

## 15.0 Access to Information

The background papers relating to this report can be inspected by contacting the reporting officers:

Officer: Peter Bates, Chief Operating Officer – Cheshire East Council / Julie Gill, Director of Resources – Cheshire West & Chester Council

Tel No: 01270 686013 / 01244 977830

Email: [peter.bates@cheshireeast.gov.uk](mailto:peter.bates@cheshireeast.gov.uk) / [Julie.gill@cheshirewestandchester.gov.uk](mailto:Julie.gill@cheshirewestandchester.gov.uk)

## Appendix 1:

A diagram of the new functional design and the top level management structure

### **Background Documents:**

*Cheshire East Cabinet Report – Shared Services – 7<sup>th</sup> October 2008*  
*Cheshire West and Chester Executive Report – Joint Liaison Committee*  
*Recommendations: Caretaker and Nominated Councils; Shared Services: Service Delivery Option; Shared Back Office Services – 15<sup>th</sup> October 2009*  
*Cheshire East Cabinet Report – Shared Services – 3<sup>rd</sup> March 2009*  
*Cheshire West and Chester Executive Report – Shared Services – 18<sup>th</sup> March 2009*  
*Cheshire East Cabinet Report – Shared Services – 23<sup>rd</sup> March 2009*  
*Cheshire Shared Services Joint Committee Report – 10<sup>th</sup> June 2009*  
*Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> July 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> October 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> February 2010*  
*Cheshire Shared Services Joint Committee Report – 12<sup>th</sup> March 2010*  
*Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> March 2010*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> May 2010*  
*Cheshire Shared Services Joint Committee Report – 16<sup>th</sup> July 2010*  
*Cheshire Shared Services Joint Committee Report – 17 September 2010*  
*Cheshire Shared Services Joint Committee Report – 29 October 2010*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2010*  
*Cheshire Shared Services Joint Committee Report – 7<sup>th</sup> January 2011*  
*Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> February 2011*  
*Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> March 2011*  
*Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> July 2011*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2011*  
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*Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> January 2012*  
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*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> April 2013*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> June 2013*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> July 2013*  
*Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> September 2013*

*Documents are available for inspection at either:*

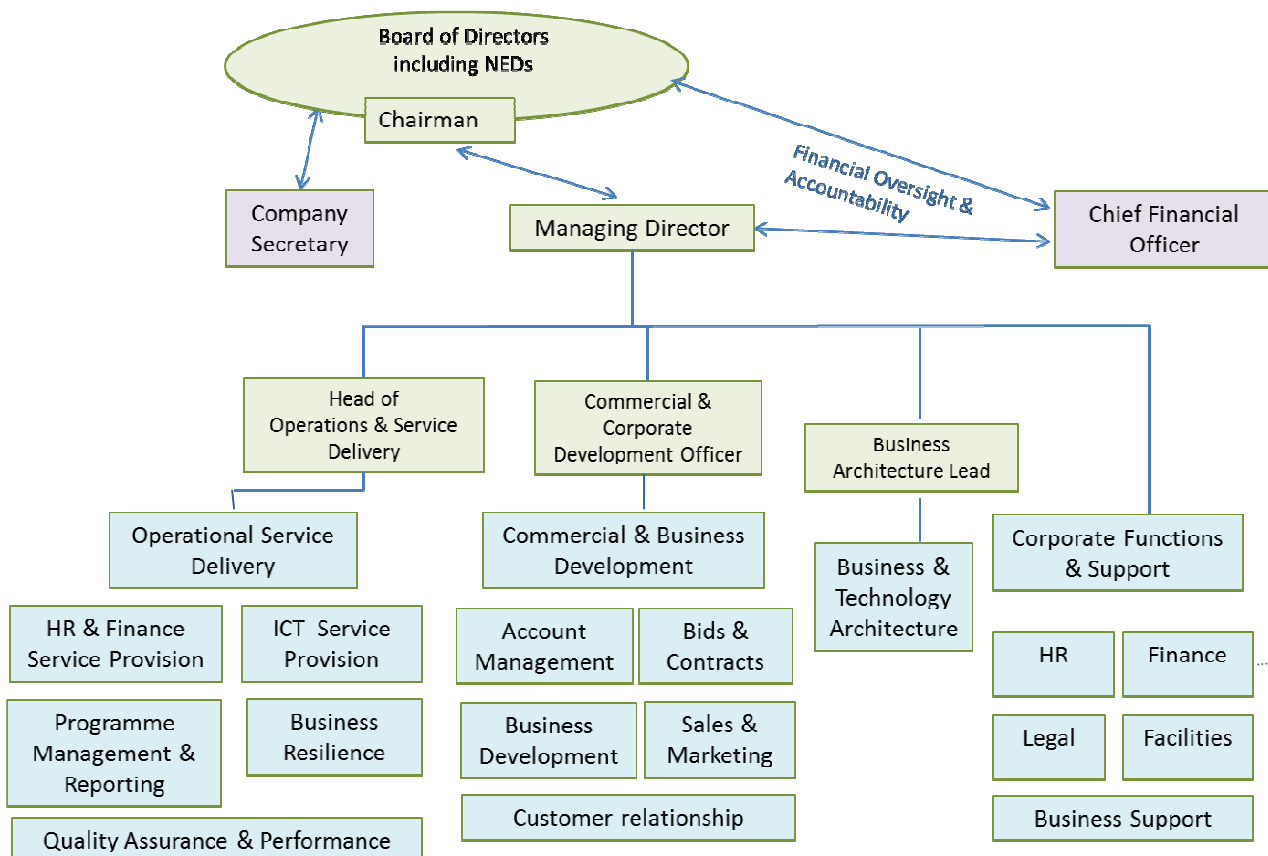
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*Middlewich Road*  
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Appendix 1 to report for Shared services Joint Committee dated 29 Nov 2013

**Company Board of Directors structure - CoSocius Limited**

**Diagram of the new functional design and top tier management**



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