

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Shared Services Joint Committee**
held on Friday, 28th March, 2014 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

Peter Bates, Chief Operating Officer
Julie Davies, Head of Organisational Development
Chris Mann, Corporate Resources Manager
Jackie Gray, Corporate Manager Business Intelligence and Data
Suzanne Antrobus, Senior Lawyer
Rachel Graves, Democratic Services Officer

Cheshire West and Chester Council

Julie Gill, Director of Resources
Mark Wynn, Head of Finance
Samantha Brousas, Head of Human Resources
Sharon Barclay, Project Manager Change Management Service

Dominic Whelan, Managing Director CoSocius
Paul Newman, Archives and Local Studies Manager

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

2 DECLARATIONS OF INTEREST

No Declarations of Interest were made.

3 PUBLIC SPEAKING TIME/OPEN SESSION

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

4 MINUTES OF THE PREVIOUS MEETING

Minute 36 – Shared Services Position Statement

It was reported that the deadline for the staff transfer agreement relating to Archives staff had been extended until 30 June 2014.

RESOLVED:

That the minutes of the meeting held on 10 January 2014 be confirmed as a correct record and signed by the Chairman.

5 THE FUTURE OF CHESHIRE SHARED SERVICES

Consideration was given to a report which detailed proposals relating to the future direction of the remaining shared service arrangements between Cheshire East Council and Cheshire West and Chester Council.

Following the local government review in 2009, Cheshire East Council and Cheshire West and Chester Council had continued to share 32 services. The arrangements for these services were set out in formal legal agreements. From the outset a robust governance framework involving a Joint Committee and a Joint Officer Board were put in place to support the Shared Services and oversee their strategic operation.

Appendix 2 to the report provided an overview of the original shared services, with an indication of their current status and showed where services had transitioned to alternative arrangements over the past five years. With the transfer of ICT, HR and Finance Shared Services into CoSocius on 1 May 2014, seven shared services arrangements would remain.

An assessment of the remaining shared services had been undertaken to consider the current arrangements and requirements for the future and an evaluation of potential options for alternative delivery models – the recommendations for each service were detailed in Appendix 3.

The governance arrangements had also been reviewed as the level of business being referred to the Joint Officer Board and the Joint Committee was expected to reduce and therefore the frequency of meetings would reduce accordingly. The governance of the Emergency Planning Shared Services would be transferred to the Joint Emergency Planning Liaison Board.

With the number of Joint Committee meetings being reduced, it was requested that consideration be given to the introduction of urgency procedures to deal with any urgent issues which may arise in the intervening period between meetings.

RESOLVED: That

- (1) the proposed way forward for the remaining shared services, as detailed in Appendix 2, be agreed.
- (2) meetings of the Joint Officer Board and the Shared Services Joint Committee be held bi-monthly, as set out in Appendix 4, with the

deletion of the Shared Services Joint Committee meetings on 23 May 2014 and 23 December 2014.

- (3) the governance for the Emergency Planning Shared Services be formally transferred to the Joint Emergency Planning Liaison Board.
- (4) proposals relating to urgency procedures be brought to the next meeting for consideration.

6 CHESHIRE ARCHIVES AND LOCAL STUDIES FEASIBILITY STUDY PROGRESS REPORT

Consideration was given to a report which provided an update on the progress of the feasibility study on the potential relocation of the Cheshire Archive and Local Studies Shared Services and sought approval for public consultation on the choice of site.

A procurement exercise had been undertaken to appoint a consultant to carry out a site options appraisal and feasibility study, which resulted in Design Group Chester being appointed.

Design Group Chester were presented with 20 sites across Cheshire, identified by the two Council's Property/Assets teams according to a high level brief which focussed on size of site, accessibility, suitability in terms of flood risk and environmental pollution and the potential to contribute to regeneration projects.

From the original 20 sites, 8 were selected – 4 in each local authority area, to be included in the feasibility study. A study would also be undertaken into the feasibility of remodelling the current Record Office in Duke Street, Chester.

Public consultation would be undertaken as part of the project to gather views of customers and potential customers as to the most important factors to consider when deciding on the site of the potential new premises. It was proposed that the consultation would run for 12 weeks from 7 April to 28 June 2014.

A business plan and external funding strategy was currently being developed to look at potential sources of funding, including but not restricted to, the Heritage Lottery Funding.

A report on the feasibility study and proposed timeline for the project would be brought to the next meeting.

RESOLVED: That

- (1) the report on Stage 1 of the feasibility study be noted.
- (2) the public consultation on the choice of site be approved.

- (3) a further report on the feasibility study and timeline be brought to the next meeting.

7 THE FUTURE OF OCCUPATIONAL HEALTH SHARED SERVICES

Consideration was given to a report which provided an update on the review of the Occupational Health Shared Services (OHU).

In June 2013 the Committee received a report which recommended that the Service be taken forward in two stages, firstly to continue to improve the in-house service so that it was in the best possible shape for commercialisation and at that stage to then place it in an appropriate delivery vehicle.

Work on the first phase has now been completed and improvements made to the way the Service operated. The focus had now moved to the second phase of the review with a desk based reassessment of the options appraisal undertaken in the original review to ensure that these remained relevant – these being:

- Continuation of the in-house service
- A standalone commercial company/separate legal entity
- Transferring OHU into CoSocius

In the interim a further option had come to light which was considered worthy of further exploration involving a potential hybrid partnership model with an external provider.

The outcome of the review recommended the adoption of the hybrid model where the core functions of the OHU, such as management referrals, are retained in house, whilst other functions, such as pre-employment checks, health surveillance and vaccinations, are outsourced to an external provider.

RESOLVED: That

- (1) the Occupational Health Unit move to a new delivery model for occupational health services which involves procuring a partner organisation to deliver services and provide resilience to the Unit when needed.
- (2) the Occupational Health Unit remain as a shared service and undertakes a collaborative/joint procurement exercise for recommendation (1) above
- (3) the hybrid model be adopted for year 1 with a proposal to explore moving the service into CoSocius in year 2.

8 COSOCIUS GO LIVE DECISION

The Committee considered a report which sought approval to transition CoSocius Limited, which was currently operating in 'shadow mode', into a fully operational, arms-length, trading company.

Paragraph 3.1 of the report was amended with the following additional wording at the end of the paragraph:

“..., and which will represent a cost reduction in excess of 35% by the end of the current financial year.

The revised detailed business case delivers higher savings than the originally approved business case without the need for the predicted upfront costs.”

The Committee received a presentation highlighting the main elements of the Detailed Business Case.

In considering readiness for go-live, the Committee discussed the following issues:

- the financial viability of the company as a stand-alone trading entity
- the five year financial model and projected shareholder returns
- the financial, legal and risk implications of the future operating model for the Councils and the company
- the governance, contractual and performance framework for the new company
- the transition and benefit realisation plans
- programme assurance evidence

The Committee concluded that the pre-requisites for go-live were in place and that CoSocius Limited should transition to a fully operational, arms-length, trading company.

RESOLVED: That

- (1) the transition of CoSocius Limited to a trading entity from 1st April 2014, with planned operational transfers of contracts and staff effective on 1st May 2014 be approved.
- (2) the Head of Legal and Democratic Services in Cheshire West and Chester and the Head of Legal and Monitoring Officer in Cheshire East, in consultation with the Section 151 Officers for each authority, be authorised to finalise the detailed terms and conditions for, and enter into, all necessary legal documentation required to give effect to recommendation (1) including but not limited to the:
 - Contract for Services;
 - IT Systems and Services agreement;

- Support Services Agreement
- Leases of Goldsmith House and Kelly House;
- Working Capital Agreement;
- Data processing and Data Sharing Agreement;

and

- (i) approve the provision of a joint working capital facility to the Company of £7m on terms to be agreed by the Head of Finance (CWaC) and Chief Operating Officer (CEC);
 - (ii) agree the provision of a joint guarantee by the two Councils in respect of pension liabilities for the duration of the contract for services in respect of transferring staff with an estimated value of £7.3m;
 - (iii) agree to the provision, by the two Councils, of such financial guarantees as the Company may reasonably require for the duration of the Contract for Services subject to the approval of the Head of Finance (CWaC) and Chief Operating Officer (CEC) on a case by case basis including parent company guarantees up to £50k;
 - (iv) endorse the 5 year financial model, on the understanding that regular reports are submitted to the Shareholder Board and appropriate Council governance committees.
- (3) the cost reduction activity outlined in Section 5.2.4 that proposes to replace a proportion of contractor staff with fixed term contracts be endorsed.
 - (4) the Transition Improvement Plan included in Appendix 7 be endorsed.
 - (5) the Programme Board to prepare for a formal 'Closure' of the delivery programme, focusing on the cut-over to transitional activity and produces a final closure report including lessons learned.
 - (6) the Section 151 officers for each Council, in consultation with their respective Head of Legal Services and the Chair and Vice-Chairman of the Committee, be authorised to implement the final governance structure of the Company as referred to in section 10.1 of the report.
 - (7) the savings that have been achieved, as referred to in section 3.1 of the report, be noted.

The meeting commenced at 1.30 pm and concluded at 3.40 pm

Councillor D Brown (Chairman)