



Shared Services Joint Committee

Agenda

Date: Friday 13th September 2013
Time: 1.30 pm
Venue: Committee Room 2 - Wyvern House, The Drummer, Winsford, CW7 1AH

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 - 4)

To approve the minutes of the meeting held on 26 July 2013.

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

5. **Shared Service First Quarter Financial Review 2013-14** (Pages 5 - 12)

To consider a joint report of the Head of Commercial Strategy, Business Innovation and Performance, Cheshire East Council, and the Director of Resources, Cheshire West and Chester Council, on the financial position at First Quarter Review 2013-14 for the remaining Shared Services

Minutes of a meeting of the **Shared Services Joint Committee**
held on Friday, 26th July, 2013 at Committee Room 1 - Wyvern House, The
Drumber, Winsford, CW7 1AH

PRESENT

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

Councillors B Moran, P Raynes and L Jones

Officers

Cheshire East Council

Jackie Gray, Shared Services Manager and Temporary Procurement Unit
Manager

Julie Openshaw, Legal Team Leader

Martin Potts, Head of ICT Business Development – Public Sector (for Item 15
only)

Andrew Arditti, Community Engagement – Connecting Cheshire (for Item 15
only)

Rachel Graves, Democratic Services Officer

Cheshire West and Chester Council

Julie Gill, Director of Resources

Meic Sullivan-Gould, Interim Head of Legal and Democratic Services

Sharon Barclay, Project Manager Transformation

Paul Newman, Archives and Local Studies Manager (for Item 15 only)

11 APOLOGIES FOR ABSENCE

Apologies were received from Councillor L Riley.

12 DECLARATIONS OF INTEREST

Councillor D Brown declared in the interests of openness in relation to
Item 15 – Shared Services Position Statement, that he was a Cheshire
East Council representative on the Board of one of the sub contractors
involved in Superfast Broadband project.

13 PUBLIC SPEAKING TIME/OPEN SESSION

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

14 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 28 June 2013 be approved as a
correct record and signed by the Chairman.

It was agreed that future meetings of the Shared Services Joint Committee would commence at 1.30 pm.

15 SHARED SERVICE POSITION STATEMENT

Consideration was given to a report which provided a summary of the current position on three key projects:- Archives Site Options, Public Sector Network and Superfast Broadband.

It had been agreed that a Site Options Appraisal/Feasibility Study would be undertaken into new premises for Cheshire Archives and Local Study Service. Funding had been agreed for the Study as part of the Shared Services budget challenge process in October 2012 with funding coming on stream in April 2013. A brief to inform the Study had been prepared to inform the procurement exercise to engage a suitable consultant to undertake the work. A copy of the brief was attached to the report and the Committee was asked to approve the content.

It was requested that a breakdown of the costs involved in the study be forwarded to Committee members. A report would be brought back to the Committee at the end of Stage 1, which would report on the outcome of the site options appraisal.

The National Public Service Network programme was a joint Government and industry programme to revolutionise the way National Government, Local Authorities and the Third Sector buy with better efficiency and use voice and data networks and the ICT services that run over them. A collaborative approach had been adopted across Cheshire and Merseyside with the project being led by Cheshire West and Chester ICT Strategy Service. An invitation to Tender was issued in November 2012 which resulted in five suppliers giving full tender responses. In February 2013, BT Global Services was selected as the preferred bidder for the Cheshire and Merseyside Public Service Network.

Following a five week period of due diligence, a notice of non award of contract was issued and BT Global Services and the other four bidders were notified. It had been agreed that the tender should be re-run. Consultants Analysys Mason had been commissioned to review and validate procurement route, tender specification and cost analysis. It was expected that tender would be released in August.

The Connecting Cheshire Partnership of four local authorities were leading the roll out of Superfast Broadband across the area and had awarded a contract to BT to deliver fibre broadband to areas hitherto outside the commercial development of fibre broadband. Work had begun with Openreach, BT's local network division, to plan the deployment and begin the process of planning the 'how, where and when' with engineers surveying locations and analysing the best way to roll out the network.

The project had received 15m funding from the ERDF, and within this was the requirement to deliver a Business Support Programme that would

enable eligible SMEs to access a comprehensive package of free support to enable them to exploit the benefits of fibre broadband such as HD video-conferencing, e-commerce and cloud computing. Following a tender process Peninsula Enterprise (working with Groundwork Cheshire) were selected, pending a period of due diligence, to provide the support programme.

RESOLVED: That

- 1 the overall position statement relating to current Shared Services be noted;
- 2 the brief for the Site Options/Feasibility Study for the Archive be approved;
- 3 the progress on the Public Sector Network and Superfast Broadband projects be noted.

16 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 1 and 2 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

17 VOLUNTARY REDUNDANCY

Consideration was given to the joint report by the Head of Commercial Strategy, Business Innovation and Performance (Cheshire East Council) and Director of Resources (Cheshire West and Chester Council) regarding a number of requests for voluntary redundancy.

RESOLVED:

That the applications for Voluntary Redundancy, as detailed in the Appendix to the report, be approved for implementation before 30 September 2013.

The meeting commenced at 3.05 pm and concluded at 3.40 pm

Councillor D Brown (Chairman)

This page is intentionally left blank

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	13 September 2013
Report of:	Cheshire East – Head of Commercial Strategy, Innovation and Performance
	Cheshire West & Chester – Director of Resources
Subject/Title:	Shared Service First Quarter Financial Review 2013-14

1.0 Report Summary

- 1.1 This report provides a summary of the financial position at First Quarter Review 2013-14 for the remaining Shared Services. Full details of the first quarter position for individual services are shown in the Appendix.

2.0 Recommendations.

- 2.1 That the overall first quarter review financial position relating to the shared service arrangements be noted

3.0 Reasons for Recommendations

- 3.1 The report aims to ensure that the Joint Committee are aware of the latest financial position regarding the remaining shared service arrangements.

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 Not applicable.

6.0 Policy Implications

- 6.1 None.

7.0 Financial Implications - Summary Outturn Forecast 2013-14

- 7.1 This report summarises the current forecast outturn position at first review for Shared Services for 2013-14.
- 7.2 At the end of 2012-13 there were 10 remaining Shared Services (8 CWAC-hosted, 2 CE-hosted). There has been a further reduction in the number of Shared Services going forward for 2013-14 as one of the CE-hosted services disaggregated in September 2012.

Summary Outturn Forecast 2013-14

- 7.3 In producing the 2013-14 first 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.
- 7.4 The difference in the overall out-turn positions for Cheshire East and Cheshire West and Chester is partly attributable to differences in accounting and budgetary practice between the two.
- 7.5 Full details of the outturn projection for individual shared services are shown in Appendix 1. Table 1 below provides details of the individual Shared Services collective position as at the projected outturn position.

Table 1

2013-14	First review Projected Outturn £000	Budget £000	Variance -under / over £000	Proposed remedial measures £000	Revised variance -under / over £000
East cost share	6,032	5,863	169	-262	-93
West cost share	6,161	6,122	39	-262	-223
Total Cost	12,193	11,985	208	-524	-316

8 Summary of the Key Issues

- 8.1 The ICT and Farms Shared Service are currently forecasting significant budgetary variances (i.e. in excess of £100k) and are summarised in Table 2 (ICT) and Table 3 (Farms) below and explained further in the following section.

ICT Shared Services

- 8.2 The ICT Shared Service is 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.

Table 2 – ICT forecast variances as at First review (end of July)

	Forecast Outturn £000	Budget £000	Gross Variance -under / over £000	Proposed remedial measures £000	Revised variance -under / over £000
Cheshire East	4,044	3,755	289	-262	27
Cheshire West and Chester	4,072	3,943	129	-262	-133
Total	8,116	7,698	418	-524	-106

- 8.3 The gross overspend is mainly due to the significant number of additional project hours (estimated 70,000 additional hours) that are expected to be commissioned by CE (71%) and CWaC (29%) above the 40,000 guaranteed amount and the capacity of the ICT Shared Services Target Operating Model (TOM).
- 8.4 To deliver the additional work our partner and external contractors need to be engaged. However, the hourly rate for external delivery is higher than the current income rate for project work which is resulting in a forecast overspend of £0.524m. The ICT Shared Service has prior approval, as part of its TOM to charge the market rate for additional project costs. However, discussions are currently ongoing between CE and CWaC as to how the supplementary costs for the additional project hours will be funded and charged. At this time, as the issue of overspend in relation to project delivery is not yet resolved the potential savings have been reflected as proposed remedial measures.
- 8.5 The remaining £0.106m underspend is a net result of:
- underspends (£0.552m) due to vacancy management (£0.448m), premises (£66k) and transport (£38k).
 - a forecast non-achievement of income (£0.124m) which relates to a predicted loss of income from schools. (Note that the income from schools has not yet been confirmed and therefore this forecast income may change).
 - overspend in third party contracts (£0.322m - CE £0.241m and CWaC £81k) due to delays in rationalising the contracts.

Farms Shared Service

- 8.6 The Farms Shared Service are currently forecasting a total underspend of £0.287m. This is due to lower than expected farm maintenance costs in both CE and CWaC.

Table 3 - Farms Forecast Variances as at first review (End July)

	Forecast Outturn £000	Budget £000	Gross Variance -under / over £000
Cheshire East	-418	-241	-177
Cheshire West and Chester	-383	-273	-110
Total	-801	-514	-287

Other Shared Services

- HR and Finance** – The HR and Finance Service are currently projecting an overall overspend of £54k. This overspend is attributable to an increase in contractor work, required to complete project work commissioned by CE and CWaC. This is offset by an underspend on staff pay and an overachievement of income.
- Occupational Health** – This service is projecting an underspend of £39k at first review. This is due to vacancy management in order to meet a 2014-15 policy option.

- **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.
- **Libraries** – Libraries are currently forecasting an overspend of £23k which is mainly due to voluntary redundancy costs.
- **Emergency Planning** – The shared service is currently forecasting a small £2.4k overspend at first review.
- **Rural Touring Network and Archaeological Planning and Advisory Services** – both forecast to be balanced

9.0 Legal Implications

- 9.1 The Shared Services Administrative Agreement and Financial Memorandum set out the overall arrangements in relation to the manner in which the Authorities will work together. The Shared Service Agreement and Secondment Agreement set out the mechanisms for managing financial arrangements in individual shared services.

10.0 Risks

- 10.1 Key risks and assumptions relate to ICT Shared Service and include:

- Both Councils are currently discussing how the supplementary costs for the additional project hours will be funded and charged. It is anticipated that an agreed solution will mitigate the current projected overspend.
- Schools income has not been confirmed at this stage and is subject to change.

11.0 Conclusion

- 11.1 The first quarter financial position for the remaining shared services suggests a potential overspend at year end. However it is anticipated that this situation is already being addressed by remedial action and further work is to be undertaken to mitigate the situation in the ICT Shared Service via the SLE Project. An update on the success of these initiatives will be brought back to the Joint Committee in due course
- 11.2 As previously highlighted the difference in the overall out-turn positions for Cheshire East and Cheshire West and Chester is partly attributable to differences in accounting and budgetary practice between the two councils’.

Cheshire East

- 11.2 Within CE, at first review there is a total projected overspend of £0.169m (before proposed remedial measures). The projected overspend relates largely to ICT (£0.289m) due to the cost of contractors on additional project hours. There are other overspends within HR and Finance (£31k), Archives (£37k) and Libraries (£10k). These overspends are reduced by the forecast underspends within Farms (£0.177m) due to lower maintenance costs and Occupational Health (£22k).

Cheshire West and Chester

- 11.3 The overall shared service projected outturn at first review is £39k. As with Cheshire East, forecast overspends are within ICT shared service (£0.129m), HR and Finance (£23k) and Libraries shared service (£13k). These overspends are reduced by the forecast underspends within Farms (£0.109m) due to lower maintenance costs and Occupational Health (£18k).

Cheshire East and Cheshire West and Chester

- 11.4 The on-going discussions currently between CE and CWaC as to how the ICT supplementary costs for the additional project hours will be funded and charged could potentially reduce the overall shared services forecast to an underspend of £0.316m but there will be a consequential impact on the capital programmes for both Councils'.

12.0 Access to Information

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

Officer: Vivienne Quayle– Head of Commercial Strategy, Business Innovation and Performance, Cheshire East Council / Julie Gill, Director of Resources – Cheshire West & Chester Council

Tel No: 01270 686628 / 01244 977830

Email: viviennequayle@cheshireeast.gov.uk / Julie.gill@cheshirewestandchester.gov.uk

Background Documents:

Cheshire East Cabinet Report – Shared Services – 7th 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 – 15th October 2009

Cheshire East Cabinet Report – Shared Services – 3rd March 2009

Cheshire West and Chester Executive Report – Shared Services – 18th March 2009

Cheshire East Cabinet Report – Shared Services – 23rd March 2009

Cheshire Shared Services Joint Committee Report – 10th June 2009

Cheshire Shared Services Joint Committee Report – 13th July 2009

Cheshire Shared Services Joint Committee Report – 3rd September 2009

Cheshire Shared Services Joint Committee Report – 30th September 2009

Cheshire Shared Services Joint Committee Report – 26th October 2009

Cheshire Shared Services Joint Committee Report – 26th November 2009

Cheshire Shared Services Joint Committee Report – 3rd February 2010

Cheshire Shared Services Joint Committee Report – 12th March 2010

Cheshire Shared Services Joint Committee Report – 31st March 2010

Cheshire Shared Services Joint Committee Report – 28th May 2010

Cheshire Shared Services Joint Committee Report – 16th 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 – 26th November 2010

Cheshire Shared Services Joint Committee Report – 7th January 2011

Cheshire Shared Services Joint Committee Report – 25th February 2011

Cheshire Shared Services Joint Committee Report – 18th March 2011

Cheshire Shared Services Joint Committee Report – 29th July 2011

Cheshire Shared Services Joint Committee Report – 30th September 2011

Cheshire Shared Services Joint Committee Report – 25th November 2011
Cheshire Shared Services Joint Committee Report – 27th January 2012
Cheshire Shared Services Joint Committee Report – 18th May 2012
Cheshire Shared Services Joint Committee Report – 29th June 2012
Cheshire Shared Services Joint Committee Report – 27th July 2012
Cheshire Shared Services Joint Committee Report – 31st August 2012
Cheshire Shared Services Joint Committee Report – 28th September 2012
Cheshire Shared Services Joint Committee Report – 30th November 2012
Cheshire Shared Services Joint Committee Report – 22nd February 2013
Cheshire Shared Services Joint Committee Report – 22nd March 2013
Cheshire Shared Services Joint Committee Report – 22nd March 2013
Cheshire Shared Services Joint Committee Report – 26th April 2013
Cheshire Shared Services Joint Committee Report – 28th June 2013
Cheshire Shared Services Joint Committee Report – 26th July 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

Shared Service	Host	First Review Position 2013-14			Total Budget 2013-14 £	Total Variance £	U / O	East		Budget £	Variance £	U / O	East First Review Explanation	West		Budget £	Variance £	U / O	West First Review Explanation
		EAST	WEST	Total Projected net cost				Share of Total net cost £	%					Share of Total net cost £	%				
		Actuals* £	Actuals £	Total Projected net cost £															
HR & Finance	CWAC	709,707	738,679	2,935,500	2,881,806	53,694	O	1,438,395	49%	1,407,825	30,570	O	HRF Shared Service is reporting a forecast overspend of £31k. This overspend relates to a forecast overspend in non-pay (£115k) and contractors (£151k) who are required to complete project work commissioned by CE and CWaC. These overspends are offset by forecasted underspends in pay (-£78k) and forecasted over-achievement of Income (-£157k) which related to income from projects (-£84k) and other income (-£73k).	1,497,105	51%	1,473,890	23,215	O	HRF Shared Service is reporting a forecast overspend of £23k. This overspend relates to a forecast overspend for contractors (£156k) who are required to complete project work commissioned by CE and CWaC. These overspends are offset by forecast under-spends in pay (-£70k), non-pay (-£38k) and forecast over-achievement of Income (-£25k) which related to income from projects (-£87k) offset by under achievement of other income (£62k).
ICT	CWAC	2,593,211	2,593,211	8,115,212	7,697,661	417,551	O	4,043,606	-	3,754,836	288,770	O	<p>The ICT Shared Service is reporting a forecast overspend of £289k. This over-spend is mainly due to the significant number of additional project hours (Est. 70k additional hours) that are expected to be commissioned by CE (71%) and CWaC (29%) above the guaranteed amount (40k Hours, of which 20k are guaranteed by CE) and the capacity of the ICT Shared Services Target Operating Model (TOM).</p> <p>To deliver the additional work our partner and external contractors need to be engaged. However, the hourly rate for external delivery is higher than the current income rate for project work which is resulting in a forecast overspend of £262k. The ICT Shared Service has prior approval, as part of its TOM to charge the market rate for additional project costs. However, discussions are currently ongoing between CE and CWaC on how the supplementary costs for the additional project hours will be funded and charged.</p> <p>The remaining £27k overspend relates to a forecast non-achievement of income (£62k) which relates to a predicted loss of income from Schools, plus over spend in 3rd party contracts (£241k) which relates to the PSN contract savings that are unachievable due to These overspends are offset by an under-spend in pay (-£224k) due to vacancy management.</p> <p>Therefore, once the issue of overspend in relation to project delivery is resolved the ICT Shared Service will be in a balanced budget position.</p>	4,071,606	-	3,942,825	128,781	O	<p>The ICT Shared Service is reporting a forecast overspend of £129k. This overspend is mainly due to the significant number of additional project hours (Est. 70k additional hours) that are expected to be commissioned by CE (71%) and CWaC (29%) above the guaranteed amount (40k Hours, of which 20k are guaranteed by CWaC) and the capacity of the ICT Shared Services Target Operating Model (TOM).</p> <p>To deliver the additional work our partner and external contractors need to be engaged. However, the hourly rate for external delivery is higher than the current income rate for project work which is resulting in a forecast overspend of £262k. The ICT Shared Service has prior approval, as part of its TOM to charge the market rate for additional project costs. However, discussions are currently ongoing between CE and CWaC on how the supplementary costs for the additional project hours will be funded and charged.</p> <p>The remaining £133k under spend relates to a forecasted under-spends in pay (-£224k) due to vacancy management during the first quarter plus a forecast underspend in premises (-£33k) and transport (-£19k). These under-spends that been offset by a forecast non-achievement of income (£19k).</p> <p>Therefore, once the issue of over-spend in relation to project delivery is resolved the ICT Shared Service will be in a balanced budget position.</p>
Farms Estate	CE	-316,967	27,901	-801,185	-514,259	-286,926	U	-418,627	52%	-241,170	-177,457	U	Lower maintenance costs have resulted in favourable outturn in line with 12/13 out-turn	-382,558	48%	-273,089	-109,469	U	Out-turn in line with 12-13 out-turn position.
Civil Protection (Emergency Planning)	CWAC	50,481	69,778	305,955	303,507	2,448	O	152,978	50%	151,185	1,793	O	Currently reporting a small overspend in non pay.	152,978	50%	152,322	656	O	Currently reporting a small overspend in non pay.
Occupational Health	CWAC	49,779	135,286	148,812	188,183	-39,371	U	74,406	50%	95,926	-21,520	U	Vacancy management - a vacancy is being held open to meet a 14/15 policy option.	74,406	50%	92,257	-17,851	U	Vacancy management - a vacancy is being held open to meet a 14/15 policy option.
Archives	CWAC	67,125	116,088	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 and a £12k variance due to historical budget differences	205,369	50%	205,369	0	O	No anticipated variances at this stage
Libraries	CWAC	28,138	258,475	792,943	769,833	23,110	O	393,770	50%	384,116	9,654	O	West VR costs from previous financial year not factored into East fixed contribution	399,173	50%	385,717	13,456	O	West reported pressure relating to unbudgeted redundancy settlement
Rural Touring Network	CWAC	0	-27,653	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	-19,316	227,142	227,142	0	O	96,925	41%	96,925	0	U	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		3,278,399	3,892,449	12,192,626	11,985,120	207,506	O	6,031,850		5,863,041	168,809	O		6,160,776		6,121,988	38,788	O	

Page 11

This page is intentionally left blank